A/48/15

United Nations

United Nations Conference
on Trade and Development

# Report of the Trade and Development Board

## Second part of the thirty-ninth session and first part of the fortieth session

## General Assembly

Official Records • Forty-eighth Session
Supplement No.15 (A/48/15)

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United Nations • New York, 1994

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ISSN 0503-4116

[Original: English]

[11 March 1994]

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## INTRODUCTION

The second part of the thirty-ninth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 15 to 26 March 1993 (see part one of the present report). In the course of the session, the Board held seven plenary meetings (818th to 824th meetings).

The first part of the fortieth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 20 September to 1 October 1993 (see part two of the present report). In the course of the session, the Board held six plenary meetings (827th to 832nd meetings).

Three executive sessions of the Board were held in 1993: the second (pre-sessional) executive session, on 5 March (817th meeting), the third executive session, on the Uruguay Round of multilateral trade negotiations, on 27 April (825th meeting) and the fourth (pre-sessional) executive session, on 13 September (826th meeting).

The present report to the General Assembly has been prepared by the Rapporteur under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984.

In connection with the action reported on substantive items of the agenda (part one, chap. I; part two, chap. I), attention is drawn to paragraph 56 of the Cartagena Commitment, adopted by the United Nations Conference on Trade and Development at its eighth session, which reads:

> The outcome of deliberative processes in the Trade and Development Board and its subsidiary bodies need not take the form of resolutions. Greater use should be made of agreed conclusions, assessments or summings-up by presiding officers, particularly when the issues are new or difficult ones, requiring further exploration and the building of common perceptions.

For a summary of the proceedings, reflecting all the statements made during the sessions, see TD/B/39(2)/26 (for the second part of the thirty-ninth session) and TD/B/40(1)/14 (Vol. II) (for the first part of the fortieth session).

Part One

# REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE SECOND PART OF ITS THIRTY-NINTH SESSION

Held at Geneva from 15 to 26 March 1993

Communiqué of the Trade and Development Board

Summary of the agreed conclusions

Adopted at the 824th meeting, on 26 March 1993

During the second part of its thirty-ninth session, the Trade and Development Board discussed trade policy reform in developing countries, developments in the Uruguay Round, human resource development for trade, the Programme of Action for the Least Developed Countries for the 1990s, implementation of the United Nations New Agenda for the Development of Africa in the 1990s, the activities of the United Nations Conference on Trade and Development (UNCTAD) pertaining to sustainable development, structural adjustment for the transition to disarmament and the United Nations International Symposium on Trade Efficiency scheduled for the autumn of 1994.

The Board recognized that trade liberalization was an important tool for increasing economic efficiency and improving resource allocation and growth in all countries. There was a consensus that the international community should support these efforts in developing countries, particularly the least developed, especially through adequate improved market access and increased flows of financial resources and debt relief.

The Board decided to transmit a message to the Governments participating in the Uruguay Round negotiations recalling that there should be an early, balanced and successful conclusion to the Uruguay Round as a prerequisite to a return to the path of growth, trade expansion and an improved world economic climate.

The Board agreed that the objectives stated in the Programme of Action for the Least Developed Countries for the 1990s could be fully realized through a strong and committed partnership between the least developed countries and their development partners. The Board emphasized the need for the formulation of medium- to long-term strategies for socio-economic development, for which sustainable good governance was considered necessary. The Development Assistance Committee donors were urged to fulfil aid targets and commitments to the least developed countries. The efforts made by the least developed countries in respect of reform measures were appreciated.

The Board affirmed that there were compelling reasons for Africa to continue to pursue cooperation and integration as a central element of development. The Board stressed the importance of strengthening regional infrastructures, transit facilities, transport and communications, support for structural adjustment programmes, harmonization of policies, the private sector and human resources development. The international community was urged to increase its financial support for integration projects at the subregional and regional levels.

The Board decided on areas of future activities for UNCTAD in the field of sustainable development and agreed that the theme of trade and environment should feature on the agenda of its future sessions. Other substantive areas of follow-up to Agenda 21 by the Board and its subsidiary bodies would include aspects of Agenda 21 relating to commodities, technology, services, poverty and privatization.

The Board agreed that more assertive action in the area of human resources development for trade, through combined efforts by Governments, the business

community and training institutions, would pay dividends in terms of technological development, international competitiveness and other determinants of trade performance, and called for enhanced international cooperation in this area.

The Board decided that, at the first part of its fortieth session, it would establish terms of reference for an Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament. To this end, the President of the Board was requested to conduct informal consultations in mid-June on the draft terms of reference.

The Board welcomed and endorsed the generous offer of the United States of America to host the United Nations International Symposium on Trade Efficiency at Columbus, Ohio, in 1994.

# I. ACTION TAKEN BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS OF ITS AGENDA

## A. Formal action

Item 2. Follow-up to the recommendations adopted by the Conference at its eighth session: policies for human resource development, with particular reference to technical cooperation activities for trade and development

1. At its 824th meeting, on 26 March, the Board approved the report of the Vice-President (United States of America) on the consultations on agenda item 2 (TD/B/39(2)/L.4) and decided that it should be incorporated in the final report on the Board's proceedings, reflecting the outcome of discussions under the item. (For the text of the report, see section C.1.)

Item 3. Trade policies, structural adjustment and economic reform: trade policy reforms in developing countries and the international support required

2. At its 824th meeting, on 26 March, the Board adopted the agreed conclusions of Sessional Committee I on agenda item 3 (TD/B/39(2)/SC.1/L.2). (For the text, see section B, agreed conclusions 401 (XXXIX).)

Item 4. Developments and issues in the Uruguay Round of particular concern to developing countries

3. At its 824th meeting, on 26 March, the Board adopted the message from the Trade and Development Board to the Governments participating in the Uruguay Round of multilateral trade negotiations (TD/B/39(2)/L.6) and authorized the President to transmit the message, on behalf of the Board, to the Chairman of the Trade Negotiations Committee of the General Agreement on Tariffs and Trade (GATT) for circulation as an official document to all Governments participating in the Round. (For the text of the message, see section C.2.)

4. At the same meeting, the Board agreed that the report of the Chairman of Sessional Committee I on agenda item 4 (TD/B/39(2)/Misc.5) should be transmitted to the Board at its third executive session, to be held on 27 April 1993. (For the text of the report, see section C.3.)

Item 5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

5. At its 824th meeting, on 26 March, the Board adopted the agreed conclusions of the Special Sessional Committee on agenda item 5 (TD/B/39(2)/SSC/L.2). (For the text, see section B, agreed conclusions 404 (XXXIX).)

Item 6. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s

(a) Review of UNCTAD technical cooperation activities in Africa

(b) Regional integration issues

6. At its 824th meeting, on 26 March, the Board adopted the agreed conclusions of Sessional Committee II on agenda item 6 (TD/B/39(2)/SC.2/L.3). (For the text, see section B, agreed conclusions 403 (XXXIX).)

Item 7. Follow-up to the decision of the Trade and Development Board at the first part of its thirty-ninth session (Board decision 399 (XXXIX) of 9 October 1992) on the establishment of an ad hoc working group to explore the issue of structural adjustment for the transition to disarmament

7. At its 824th meeting, on 26 March, the Board approved the report of the Vice-President (Morocco) on the consultations on agenda item 7 (TD/B/39(2)/L.3) and decided that it should be incorporated in the final report on the Board's proceedings, reflecting the outcome of the discussions under the item. (For the text of the report, see section C.4.)

Item 8. Sustainable development: implications for UNCTAD of recent General Assembly decisions concerning the follow-up to the conclusions and recommendations of the United Nations Conference on Environment and Development

8. At its 824th meeting, on 26 March, the Board adopted the draft decision on agenda item 8 submitted by the Chairman of Sessional Committee II (TD/B/39(2)/SC.2/L.2). (For the text, see section B, decision 402 (XXXIX).)

Item 9. Other matters in the field of trade and development: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fifth session (ITC/AG(XXV)/134 and Add.1)

9. At its 823rd meeting, on 23 March, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fifth session (ITC/AG(XXV)/134 and Add.1).

Item 10. Reports and activities of the subsidiary bodies of the Board: matters requiring action

(a) Working Party on the Medium-term Plan and the Programme Budget, twenty-second session (8-12 March 1993)

10. At its 821st meeting, on 18 March, the Board noted that the twenty-second session of the Working Party, originally scheduled for 8 to 12 March 1993, had been postponed to 5 to 8 April 1993.

(b) Convening of an Intergovernmental Group of Experts on Ports

11. At its 824th meeting, on 26 March, the Board approved the draft terms of reference of the proposed Intergovernmental Group of Experts on Ports (TD/B/CN.4/20/Rev.1), which had been recommended to the Board after the consultations of the Bureau of the Standing Committee on Services (Shipping) and

interested delegations, and decided to convene the Intergovernmental Group of Experts on Ports. (For the terms of reference of the Group, see section C.5.)

## B. Agreed conclusions and decision

### Agreed conclusions 401 (XXXIX). Trade policies, structural adjustment and economic reform

In accordance with paragraph 128 of the Cartagena Commitment, 1/ the Trade and Development Board discussed issues relating to economic and trade policy reforms in developing countries and the international support required. The discussions were greatly enriched by individual country presentations. The Board also held informal discussions to exchange views and ideas with high-ranking officials and experts in this area. In the course of the discussions a broad convergence of views emerged on the following conclusions:

1. The Board noted with satisfaction that developing countries were continuing trade policy reforms and structural adjustment and considered that those efforts should be pursued, consistent with their trade, financial and development needs. Such reforms had a greater chance of success if they were conceived and implemented within the framework of broader economic reform efforts and processes. The international community recognized the significant social cost that might arise in the reform process. The reform programmes should therefore incorporate a social component and provide for an appropriate safety net, especially with regard to the vulnerable social groups.

2. The exchange of views among members of the Board provided important insights into the working of reform programmes. Technical cooperation could assist in improving the design and implementation of such programmes.

3. It was recognized that trade liberalization was an important tool for increasing economic efficiency and improving resource allocation and growth in all countries.

4. There was a consensus that the international community should support those efforts in developing countries, particularly the least developed, especially through adequate improved market access and increased flows of financial resources and debt relief. Trade policy changes in developing countries have been increasingly directed towards liberalization, thus contributing to the expansion of world trade and enhancing export possibilities and growth prospects for all countries.

5. A speedy, successful and balanced outcome of the Uruguay Round of multilateral trade negotiations was of the utmost importance to the future of the world trading system and the successful pursuit of economic reforms.

6. Macroeconomic stability and mutual consistency of government policies were considered to be essential prerequisites for the success of trade policy reforms.

7. It was held that the international support should allow for pluralism of approaches towards trade policy reforms, taking fully into account specific country situations and economic, social and cultural characteristics.

8. The Board considered that human resource development, especially education, constituted an essential component of strengthening international competitiveness, which should be accompanied by technology, vocational training, enhanced entrepreneurial capabilities and innovation. Human resource development required substantial external support, in particular the least developed countries.

9. Intensified cooperation between developed and developing countries and between their firms in the areas of technological development and foreign direct investment could make important contributions to enhanced international competitiveness and export expansion.

10. It was agreed that, in accordance with paragraph 52 of the Cartagena Commitment, UNCTAD should consider within existing resources the identification and treatment of key emerging issues of trade and development, including an early-warning perspective, in a rapidly changing world. It was suggested that the Board, at an executive session, should address possible approaches in that regard. It was also suggested that the Secretary-General should be requested to prepare the necessary documentation, availing himself of the high-level expertise in this area. In carrying out this mandate UNCTAD should take full account of the work of other relevant international organizations to ensure the mutually reinforcing and supportive nature of all activities.

11. The Intergovernmental Group of Experts on Restrictive Business Practices should pursue its work with regard to policies and rules for the control of restrictive business practices, in order to encourage competition, to promote the proper functioning of markets and efficient resource allocation, and to bring about further liberalization of international trade.

12. Within the work programme adopted by the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries, participating countries were invited to accord due attention to the aspects of support to developing countries' reforms in their country presentations.

13. The proposal on the study of market-based price mechanisms as a means of assisting technology transfer to developing countries was discussed. Some delegations felt that they had not had enough time to take a view on that proposal or deliberate on it in depth. It was agreed that the proposal would be further refined by the secretariat and would be considered by the Board at the first part of its fortieth session.

14. It was also suggested that further study of national policies in developing countries and of appropriate external support measures to ensure in the longer run the success of trade policy reforms should be carried out.

824th plenary meeting
26 March 1993

Decision 402 (XXXIX). Sustainable development

The Trade and Development Board decides that:

1. The Board, taking into account the importance, in the context of sustainable development, of the theme "Trade and environment", should consider that theme at the first part of each of its annual sessions; that, at the first part of its fortieth session, it should consider within this theme the specific

issue "Trends in the field of trade and environment within the framework of international cooperation"; and that, for subsequent sessions, the specific issues to be discussed under this theme will be determined in the informal consultative mechanism established in accordance with paragraph 83 of the Cartagena Commitment, taking into account the evolution of preparatory work in the secretariat;

2. The Board should also consider another theme or themes on sustainable development at the second part of its annual sessions, the specific topic or topics to be identified using the mechanism referred to in paragraph 1 above;

3. The UNCTAD secretariat should organize on an experimental basis for the fortieth session periodic information briefings in preparation of the issues to be considered at that session;

4. The Board should review the arrangements set out in paragraphs 1, 2 and 3 above in connection with the process of review and evaluation of the work programmes of the intergovernmental machinery to be undertaken in 1994;

5. The Board should transmit to the General Assembly at its forty-eighth session, through the Commission on Sustainable Development and the Economic and Social Council, in accordance with paragraph 25 of Assembly resolution 47/191, the annexed report on its specific plans to implement Agenda 21 within its mandate.

824th plenary meeting
26 March 1993

## Annex

## REPORT OF THE TRADE AND DEVELOPMENT BOARD PREPARED IN ACCORDANCE WITH GENERAL ASSEMBLY RESOLUTION 47/191

### Mandate

1. In paragraph 25 of its resolution 47/191, the General Assembly requested the Trade and Development Board to examine the relevant provisions of chapter 38 of Agenda 21 2/ at its next session and to submit a report on its specific plans to implement Agenda 21 to the Assembly at its forty-eighth session, through the Commission on Sustainable Development and the Economic and Social Council. The present report is submitted in accordance with that request.

### The role of UNCTAD in implementing Agenda 21

2. Paragraph 38.26 of Agenda 21 refers explicitly to UNCTAD, stating that it should play an important role in the implementation of Agenda 21, ... taking into account the importance of the interrelationships between development, international trade and the environment and in accordance with its mandate in the area of sustainable development.

3. The Board has pursued this matter, in accordance with the mandates given to UNCTAD in The Cartagena Commitment and Agenda 21 itself. The Board is in the process of establishing a work programme responding to those mandates for its own Sessional Committee charged with examining sustainable development issues and, under the Board's overall authority, work programmes have been established

to implement relevant provisions of those mandates in the Board's subsidiary bodies.

4. Those intergovernmental work programmes represent the specific plans of the Board to implement its mandates in the field of sustainable development. The Board will keep its work in this field under constant review, and will adjust the work programmes in the light of developments.

Organization of intergovernmental work on sustainable development in UNCTAD

5. The work programmes of UNCTAD intergovernmental bodies are carried out by the Board and its various subsidiary bodies. At the second part of its thirty-ninth session, the Board decided to organize its deliberations on sustainable development as follows:

(a) Taking into account the importance of the theme "Trade and environment", the Board will consider a topic under this theme at the first part of each of its annual sessions;

(b) It will consider another theme or themes on sustainable development at the second part of its annual sessions.

The topics and themes will be determined well in advance through the informal consultative mechanism established in accordance with paragraph 83 of the Cartagena Commitment, taking into account the evolution of preparatory work in the secretariat. The Board will have the overall responsibility of submitting to the Commission on Sustainable Development the results of its own deliberations, as well as those of its subsidiary bodies.

6. For ease of reference to Agenda 21, the work programmes are presented below under six sectors specific to UNCTAD, namely:

(a) Agenda 21 and trade;

(b) Agenda 21 and commodities;

(c) Agenda 21 and technology;

(d) Agenda 21 and services;

(e) Agenda 21 and poverty;

(f) Agenda 21 and privatization.

Because of the importance which member States attach to the subject of trade in the context of sustainable development, the Board itself deals with this subject; a/ the others are covered in the Board's various subsidiary bodies, which are themselves organized along sectoral lines.

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a/ The issue of trade and environment is also discussed in the Board's Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries.

7. The Board and its subsidiary bodies have adopted the practice of organizing input to their discussions from three actors singled out in Agenda 21 as playing an important role in the implementation of Agenda 21, namely, the private, academic and non-governmental organization sectors.

## A. Agenda 21 and trade

8. The Board will give consideration to the following areas as elements of its substantive intergovernmental work programme on trade-related aspects of sustainable development (paragraphs of Agenda 21 to which the work programme elements are relevant are indicated in parentheses):

(a) Trends in the field of trade and environment within the framework of international cooperation (para. 2.22 (b));

(b) The reconciliation of environmental and trade policies, including the necessity to ensure that environmental measures do not become an instrument of protection (paras. 2.21, 2.22 (c, d, e, f, i));

(c) Analysis of the impact of environment-related regulations and standards on export competitiveness, particularly of developing countries (para. 2.22 (f, g));

(d) Building of increased awareness and understanding of the interlinkages between trade, development and environment (para. 2.22 (b));

(e) Consideration of the special conditions and development needs of developing countries in the context of trade and environment (para. 2.22 (g, h, i));

(f) Collection, analysis and dissemination of information on environmental regulations and measures which may have an impact on trade, especially that of developing countries (paras. 2.15, 2.22 (c));

(g) Comparative analysis of country experiences with ways and means of promoting trade expansion and diversification without deteriorating or depleting the natural resource base, with specific focus on export competitiveness (paras. 2.11, 2.14, 2.24, 3.5, 4.17, 4.18).

9. In addition, the Board's Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries has adopted a work programme which contains the element "Environmental measures", under the terms of which the Working Group would consider the impact of environmental policies and measures on trading opportunities of developing countries with a view to making recommendations for enhancing those opportunities (paras. 2.10 (a, c, d), 2.12, 2.22 (a)).

## B. Agenda 21 and commodities

10. The Board's Standing Committee on Commodities has agreed on a work programme in which sustainable development is singled out as one of four priority areas. This work programme contains the following elements relevant to the implementation of Agenda 21:

(a) Analysis of national experiences in the management of natural resources with regard to commodity production (para. 3.8 (m));

(b) Exploration of the links between commodity policies, use and management of natural resources and sustainable development (paras. 2.11, 2.13, 2.16 (a), 4.10 (b));

(c) Identification of environmental problems that are specific to commodity production and processing and examination of ways of improving developing countries' access to international financial and technical support, including environmentally sound technologies to cope with such problems (paras. 4.17 (c), 4.18);

(d) Identification of means by which the competitiveness of natural products with environmental advantages could be improved (paras. 4.19 (c), 4.20, 4.22 (a, b));

(e) Examination of the manner in which prices of natural commodities and their synthetic competitors could reflect environmental costs (paras. 2.14 (c), 4.24, 8.31 (a, b), 8.37).

## C. Agenda 21 and technology

11. The Board's Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer has agreed on a work programme composed of three priority areas, one of which, "Transfer and development of environmentally sound technologies", contains the following elements relevant to the implementation of Agenda 21:

(a) Issues involved in the generation, transfer and diffusion of environmentally sound technologies which have an impact on competitiveness and development (paras. 34.14 (b), 34.26);

(b) Policies and measures for the promotion, development, dissemination and financing of environmentally sound technologies, particularly in developing countries, taking into account the need to provide incentives to innovators that promote research and development of those technologies (paras. 34.11, 34.14, 34.18-20, 34.27, 34.28).

## D. Agenda 21 and services

12. The Board's Standing Committee on Developing Services Sectors, which deals with services in general, shipping and insurance, has adopted work programmes containing the following elements relevant to the implementation of Agenda 21:

(a) The role played by the service sectors in contributing to growth and sustainable development (paras. 2.16 (a), 4.18, 4.26, 8.14, 8.19, 8.33 (a), 40.22);

(b) Comparative analysis of the factors which can contribute to sustainable development of ports and related port services (paras. 17.6 (b, i), 17.30 (d), 17.38 (d));

(c) Alternative mechanisms to meet the insurance and reinsurance needs in respect of environmental impairments. (Although insurance does not appear as

such as an issue in Agenda 21, this work element is relevant to chapters 4, 14 and 17 to 22 of Agenda 21.)

## E. Agenda 21 and poverty

13. The Board's Standing Committee on Poverty Alleviation has agreed on a work programme of six priority areas which contains the following elements relevant to the implementation of Agenda 21:

(a) Analysis of the linkages between poverty and sustainable development (para. 3.10 (a));

(b) Examination of the implications for the poor of national and international polices relating to environment (e.g., application of the polluter-pays principle; environmental standards that might adversely affect the poor) (para. 3.8 (d, f, h, o)).

## F. Agenda 21 and privatization

14. The Board's Ad Hoc Working Group on Comparative Experiences with Privatization has adopted a work programme which includes an element on environmental aspects of privatization (paras. 2.13 (a). 2.31, 2.37 (c), 2.38, 30.3, 30.4, 30.19, 30.28).

### Studies and projects related to sustainable development funded by extrabudgetary resources

15. The UNCTAD secretariat is pursuing and completing studies, funded by extrabudgetary resources, on market-based instruments for financing environmental protection; this work is focused primarily on the costs and benefits of $CO_2$ abatement, including tradeable entitlements, joint implementation of commitments, and tax-based instruments. The UNCTAD secretariat has also designed studies and projects related to sustainable development funded by extrabudgetary resources, and the work carried out by the secretariat is indicated in the appendix to this report.

### Technical cooperation

16. In the field of technical cooperation, the overall objective of UNCTAD is to strengthen the capacity of the developing countries to implement Agenda 21 effectively. This is being carried out in accordance with paragraph 43 of the Cartagena Commitment and chapter 37 of Agenda 21.

## Appendix

### STUDIES AND PROJECTS RELATED TO SUSTAINABLE DEVELOPMENT FUNDED BY EXTRABUDGETARY RESOURCES: LIST OF DONORS

### United Nations Development Programme

Funds are provided for policy-oriented research on the interlinkages between trade and environment, consisting of (1) country case-studies and (2) thematic studies of general interest. Work on trade and environment is also

supported under an Asian/Pacific trade and investment technical cooperation programme.

Colombia

Funding of two studies on the relationships between trade and environment undertaken by a national research institute and a non-governmental organization.

Germany

Funding is provided for studies on particular aspects of tradeable carbon emission entitlements.

Italy

Funding is provided for a training package on developmental aspects of global environmental deliberations within the UNCTAD TRAINFORTRADE programme.

Luxembourg

Funding is provided for a training package on trade and environment within the UNCTAD TRAINFORTRADE programme.

Netherlands

A contribution is made to two components of the work programme, namely, (1) analysis of trade and environment linkages and (2) country/commodity case-studies. A contribution was also made to the development of a pilot version of GREENTRADE in 1992. A study of the implications of basic principles of environmental policy for developing countries is nearly complete. Funding was provided for the first phase of the work on tradeable carbon emission entitlements, and funding is being provided for a pilot initiative on $CO_2$ offset arrangements.

Norway

Funding is provided for policy-oriented analysis of the links between policies and environmental effects of production and processing in the commodity sector and for a conceptual study on the internalization of environmental externalities in prices of commodities. Funding was provided for the first phase of the work on tradeable carbon emission entitlement, and funding is being provided for a study on the essential design requirements of a global system of tradeable carbon emission entitlements and for a pilot initiative on $CO_2$ offset arrangements.

International Institute for Sustainable Development

Sponsoring of expert group meetings, hosted by the International Institute for Sustainable Development at Winnipeg, Canada, to discuss outlines and findings of studies carried out on environment and trade policies.

International Development Research Centre

Funding of policy-oriented research on the impacts of environmental concerns on market access, with special reference to eco-labelling.

Agreed conclusions 403 (XXXIX). UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s

1. In accordance with paragraph 66 of the Cartagena Commitment and the decision taken on 14 October 1992, at the first part of its thirty-ninth session, 3/ the Trade and Development Board discussed issues relating to the United Nations New Agenda for the Development of Africa in the 1990s. The Board also held informal discussions on the regional integration and technical cooperation issues with high-ranking officials and experts in this area.

2. The Board recalled that the final review and appraisal of the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 concluded that the conditions which had led to the adoption of the Programme of Action still prevailed in the 1990s. It was in recognition of this that the international community had adopted the United Nations New Agenda for the Development of Africa in the 1990s (General Assembly resolution 46/151). At its eighth session, UNCTAD had undertaken a commitment to respond fully to the General Assembly's requests, including the request for contributions to the implementation of the New Agenda. It was within that context that the items under discussion were included in the Board's agenda.

3. It was observed that there were compelling reasons for Africa to continue to pursue cooperation and integration, without which Africa risked further marginalization, and could miss out on a central element of development. The Abuja Treaty establishing the African Economic Community reaffirmed African countries' support for regional integration, and the continuing support of UNCTAD would be important throughout the implementation of the six stages of the Treaty.

4. The secretariat's report on regional integration issues in Africa (TD/B/39(2)/11), contained relevant orientations which provided a good basis for the future contribution of UNCTAD in support of regional cooperation in Africa. The Board stressed the importance of strengthening regional infrastructures, transit facilities, transport and communications, support for structural adjustment programmes, harmonization of policies, the private sector and human resource development.

5. The growing interest of Africa's development partners in regional integration issues was noted with appreciation and the international community was urged to increase its financial support for regional integration projects at the subregional and regional levels.

6. The joint initiative on the Tokyo Conference on African Development to be held in October 1993 was commended, and it was urged that the UNCTAD secretariat be closely associated with it and report to the Board at its next session.

7. The Board noted with appreciation the extensive range of UNCTAD technical cooperation activities and called for an evaluation to improve effectiveness. Cooperation with UNCTAD should be demand-driven, selective and well founded, and should reflect the priorities of African countries. African countries should also provide their own evaluations and consultations, and collaboration between them and UNCTAD should be intensified. The Board considered that there was a need to broaden the dialogue with African countries on regional cooperation projects in round tables. Many delegations also saw a need for a broader dialogue in consultative groups.

8. Africa's most urgent technical assistance needs were in the areas of transport and communications, the enterprise sector, reform programmes, diversification, and human resource development, including the use of African experts and consultants. Concern was expressed at the prospect of the termination of technical cooperation support for the African multilateral trade negotiations project because of lack of funding. It was stressed that the need to continue that project would persist following the successful conclusion of the Uruguay Round.

9. Greater efforts should be made to mobilize resources to support UNCTAD technical cooperation activities. In that respect, concern was expressed about the decline in UNDP resources. Both multilateral and bilateral donors were urged to increase their resource support for technical cooperation activities in Africa. Possibilities of additional resources should be explored for collaboration on projects relating to technical cooperation among developing countries. Many delegations expressed the view that freeing resources from military expenditures could also help.

10. Closer dialogue between Africa and its development partners could promote greater understanding. In that connection, other subregional groupings could establish forums for dialogue, similar to those organized by countries members of the Southern African Development Community (SADC) with their donor countries. There was also a need for greater collaboration with the Global Coalition for Africa.

11. The Board noted the assurances of the secretariat that the Africa Unit in UNCTAD would be strengthened and requested that the necessary action be taken during the forthcoming meeting of the Working Party on the Medium-term Plan and the Programme Budget.

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Agreed conclusions 404 (XXXIX). Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

1. In accordance with the relevant provisions of the Programme of Action for the Least Developed Countries for the 1990s, 4/ General Assembly resolution 45/206 and the Cartagena Commitment, the Trade and Development Board reviewed progress in the implementation of the Programme of Action. The Board also had an informal exchange of views and an in-depth discussion on improving trading opportunities and domestic and external resource mobilization, including the debt situation and management. The participation of high-ranking officials and experts at the informal sessions contributed to a constructive dialogue.

2. The least developed countries reaffirmed their commitment to the implementation of reforms, including structural adjustment programmes. The Board emphasized the need for the formulation of medium- to long-term strategies for socio-economic development, for which a stable political environment was considered necessary. It was stressed that Governments should properly prioritize their short-, medium- and long-term objectives, and the mechanisms through which those could be achieved.

3. It was agreed that progress could not be achieved without sustainable good governance and the concerted efforts of the Governments of the least developed

countries towards economic and social development. It was further agreed that the objectives stated in the Programme of Action could be fully realized through a strong and committed partnership between the least developed countries and their development partners.

4. Among the priorities the following were emphasized: human resource development; strengthened policies to combat the problem of population growth; a revitalization of the agricultural sector and an improvement in the food security situation; more vigorous efforts to mobilize and effectively utilize domestic savings; appropriate fiscal reforms and rationalization of public expenditure in coordination with other macroeconomic and sectoral reforms, including trade policy reforms. In that context, the efforts made by the least developed countries in respect of reform measures were appreciated.

5. Many delegations, from both least developed and donor countries, noted with concern that in 1991 official development assistance (ODA) to least developed countries fell from 0.09 per cent of the combined GNP of Development Assistance Committee (DAC) donors in the preceding two years to 0.08 per cent. The performance of six donor countries which in 1991 met the upper ODA target of 0.20 per cent set out in the Programme of Action was noted with satisfaction. Other donor countries expressed their determination to provide substantial ODA to the least developed countries. The DAC donors were urged to fulfil aid targets and commitments to those countries. In addition, the implications of the enlarged list of least developed countries on their resource requirements calls for urgent consideration, as recommended in the Cartagena Commitment. Efforts should continue to facilitate timely and efficient utilization of aid. Serious concern was expressed for improved balance between the aid conditionalities and the capacity of the least developed countries to conform to them. Technical assistance should be better targeted towards strengthening human and institutional capacities in those countries.

6. The current heavy debt burden of the least developed countries continued to be a major strain on export earnings and a major hindrance to their efforts to adjust and expand their economies. Accordingly the need for further debt relief was emphasized by many delegations. The least developed countries, and some donors, called for improvement of the scope and coverage of existing debt relief schemes and mechanisms, including those relating to debt service obligations to multilateral institutions. A long-term moratorium on the debt of the least developed countries was also proposed by some delegations.

7. The country review process was considered to be useful, although the scope for its improvement was noted, particularly in relation to follow-up and coordination at the local and sectoral levels. However, it was considered that the focus of round-table meetings, on balance, had so far been more on policy dialogue than on resource mobilization.

8. It was stressed that properly conceived foreign direct investment could be an important vehicle not only for stimulating the manufacturing and processing sectors and for mobilizing savings in the least developed countries, but also for the transfer of technology and managerial skills. The least developed countries also urged their developed country partners to help catalyse their development process through active and appropriate foreign direct investment.

9. It was stressed that fair access to all markets was a key instrument for the promotion of trade and development. In view of their marginalization in world trade, it was proposed by the least developed countries that the Final Act of the Uruguay Round should include a distinct chapter embodying specific

provisions for the least developed countries, covering the elimination of tariff and non-tariff barriers for both primary and processed products. The least developed countries were of the view that the draft final act of the Uruguay Round did not adequately reflect their needs and requirements in terms of access to markets and the new issues such as trade-related intellectual property rights, trade-related investment measures and services. The least developed countries, joined by a number of other delegations, requested that a high-level group should be organized to examine thoroughly the provisions of the draft final act as they related to least developed countries and to propose concrete measures for inclusion in the Final Act of the Uruguay Round.

10. The need for adequate and timely preparations for an effective and comprehensive mid-term review of the Programme of Action in 1995 was stressed. In order to ensure effective follow-up, it was felt that UNCTAD participation in country-level monitoring should be strengthened, notably through enhanced participation in the country review process. Collaboration between UNCTAD and the Bretton Woods institutions was noted. UNCTAD, in collaboration with all relevant parts of the United Nations system, should undertake substantive and thorough preparations for a comprehensive mid-term review of the Programme of Action, as recommended in General Assembly resolution 45/206.

11. It was emphasized that The Least Developed countries 1992 Report (TD/B/39(2)/10), the quality of which was favourably commented upon, and other work done by UNCTAD on the least developed countries, should be made available throughout the United Nations system.

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## C. Other texts adopted by the Board

### 1. Report of the Vice-President (United States of America) on the consultations on agenda item 2

12. The Board recalled that the Cartagena Commitment emphasized the need for strong policies for human resource development to enhance the participation of developing countries and countries in transition in the world economy (para. 63(1)). It noted that sound investment in human resource development contributes to improved export performance and increased international competitiveness. It welcomed the report prepared by the secretariat on the development of human resources for trade (TD/B/39(2)/14).

13. The main points made during the discussion may be summarized as follows:

(a) National human resource development policies, based on a close partnership among the Government, training institutions and the business community, constitute an essential element in responding to rapid changes in the international economic and technological environment. This partnership also helps in establishing the appropriate national policy framework for the effective use of human resources and for the related objective of institution/capacity-building. Women's special needs and opportunities should be taken fully into account in the planning and implementation of human resource development programmes. The human resource development dimension of trade in services should also be addressed.

(b) Strengthening of local training institutions implying, in particular, special efforts in the training of local trainers and human resource development managers, is a necessary condition for the long-term sustainability of training capacities. It also permits the necessary adaptation of training material to the local socio-cultural and trading environment. Training should encompass the development not only of technical skills but also of managerial capabilities.

(c) The network approach, involving the sharing of training material, experiences and trainers, allows cost-effectiveness in the training process, enhances the credibility of local training institutions and facilitates access to centres of excellence abroad (universities, research centres, etc.).

14. The Board noted the importance of adopting national human resource development policies for trade based on the considerations set out above.

15. Considering the experience already demonstrated by UNCTAD in technical cooperation in human resource development in trade and related areas, the members of the Board:

(a) Showed strong support for the continuation and implementation by UNCTAD of well-focused human resource development activities in trade and trade-related areas, as requested by member countries. Such activities should be carried out in close cooperation with the International Trade Centre UNCTAD/GATT and other relevant organizations, paying special attention to the particular constraints and needs of the least developed and geographically disadvantaged countries;

(b) Indicated, among other programmes, particular approval of and interest in the systematic approach of TRAINMAR and the new programme of TRAINFORTRADE as a practical contribution to the policy orientations outlined in paragraph 13 above, particularly their long-term approach to local capacity-building and network development;

(c) Highlighted the need for UNCTAD to promote actively the development of human resource development networks among research, training and technological institutions in trade and trade-related areas, by identifying institutes and enterprises in member countries desirous of cooperating with each other. In that context, use should be made of technologies disseminated in the Trade Efficiency Programme and the Trade Points established thereunder for the exchange of information and of training material;

(d) Noted that the intergovernmental expert work of UNCTAD, for instance on trade efficiency, also contributed to the development of appropriate human resource development policies on trade.

16. Members of the Board also expressed appreciation to donor countries and organizations for their support to the human resource development activities of UNCTAD and invited them to continue and, where possible, expand their contributions, to enable UNCTAD to respond to requests from member countries. In addition, attention was drawn to the desirability of developing countries' utilizing bilateral and multilateral funds available to them to benefit from UNCTAD technical cooperation activities in human resource development.

## 2. Message from the Trade and Development Board to the Governments participating in the Uruguay Round of multilateral trade negotiations

17. The Trade and Development Board of UNCTAD, at the second part of its thirty-ninth session, held at Geneva from 15 to 26 March 1993, considered developments and issues in the Uruguay Round of particular concern to developing countries. In this context, the members of the Board stress that an early and successful conclusion of the Uruguay Round should be viewed as a prerequisite to a return to the path of growth, trade expansion and an improved world economic climate. It is the only way to strengthen the international trading system at present and to give confidence to developing countries and economies in transition that would encourage their economic and trade liberalization reforms.

18. The draft final act of the Uruguay Round should be finalized in a balanced manner, taking into account all issues of interest to developing countries and their development, financial and trade needs, in accordance with the Punta del Este Declaration, and be supplemented by a comprehensive market access package on goods and services, in particular covering items of export interest to developing countries. Special attention should also be given to the problems of the least developed countries with a view to integrating them in the global trading system. An evaluation of the results of the Uruguay Round from the point of view of the developing countries is foreseen in part I, section G, of the Punta del Este Declaration. 5/

19. The members of the Board recognize the urgency of all Governments participating in the Uruguay Round, in particular the major trading nations, exercising fully their responsibilities and leadership, and attributing the highest political priority to bringing those negotiations to an early and successful conclusion.

## 3. Report of the Chairman of Sessional Committee I on agenda item 4

20. In accordance with paragraphs 143 and 144 of the Cartagena Commitment, Sessional Committee I discussed developments and issues in the Uruguay Round of particular concern to developing countries. There was unanimity that the successful completion of the Uruguay Round represented a high political priority for all Governments participating in those negotiations in view of their importance for the resumption of economic growth and strengthening the international trading system. In that connection, Sessional Committee I agreed by consensus that the Board should send a message to the Governments participating in the Uruguay Round of multilateral trade negotiations. (For the text of the message, see section 2 above).

21. The message will be submitted to the President of the Board as an important policy outcome of the current session.

22. The Committee also held important informal discussions on the Uruguay Round with the participation of Mr. Arthur Dunkel, Director-General of GATT. It was felt that such cooperative forms of work between UNCTAD and GATT should be actively pursued in the future.

23. In the course of the discussions several substantive views were communicated from various delegations, as set out below.

24. Many delegations considered very important and timely, the initiative of the President of Argentina, Mr. Carlos Saul Menem, in addressing a letter, on 11 March 1993, on behalf of 37 Governments, to the President of the United States of America, the Commission of the European Communities, the Council of the European Communities and the Prime Minister of Japan. That letter had addressed the main issues involved in the final stage of the Uruguay Round and had urged that the highest priority be accorded to efforts aimed at an early and successful conclusion of the Round.

25. Delegations from developed countries recognized their responsibility and reconfirmed their political desire to bring the Round to a successful and balanced conclusion. It was also felt that the United States, the European Communities and Japan needed to provide leadership at this critical stage of the Round.

26. The delegations representing the least developed countries urged the international community, in particular the participants in the Uruguay Round, to recognize the special difficulties of those countries and provide for a differential and more favourable treatment to them in specific negotiating areas, including those relating to market access, rules of origin, anti-dumping, technical barriers to trade, safeguards, sanitary and phytosanitary measures, textiles and clothing, trade-related intellectual property rights, trade-related investment measures and trade in services. In their view, the concerns of the least developed countries should be fully addressed with a view to integrating them in the global system of trade in an equitable manner.

27. The specific concerns of other developing countries, in particular African countries and net food-importing developing countries, should be taken into account in the Uruguay Round.

28. Some delegations emphasized that both the degree and scope of involvement of developing countries in the Uruguay Round were unprecedented. They had made substantial efforts to create a secure and rational environment for free trade in pursuing the objectives of the Punta del Este Declaration. Many developing countries stressed that they had implemented programmes of trade liberalization reforms autonomously, assuming that their export-driven adjustment programmes would be complemented by improved market access and strengthened disciplines at the international level, in particular through a successful conclusion of the Uruguay Round; on that understanding, they had submitted generous offers for market access in goods and services. However, in their opinion, some developed countries had not only failed to respond positively to those gestures, but were also introducing new concepts that could call into question the merits of an open free-trade system and negatively affect trade prospects of developing countries. In that connection, countries exporters of bananas from Central and South America expressed their dissatisfaction and deep concern over the new banana import regime in the European Community that was contrary to the objectives of the Punta del Este Declaration on trade liberalization. Some countries of the African, Caribbean and Pacific Group (ACP) stated that the European Communities had entered into contractual obligations with the ACP countries in respect of bananas under the Lomé Convention, and that they expected that those obligations would be honoured and respected.

29. Most delegations considered that the draft final act provided the basis for an early and successful conclusion of the Uruguay Round, which should be finalized in a balanced manner, incorporating a comprehensive market access package for goods and services, in particular covering items of export interest to developing countries.

30. Some delegations were of the opinion that it was crucial that transparency be fully assured in plurilateral/multilateral negotiations and in specific consultations among participants in the Uruguay Round.

31. It was emphasized that an evaluation of the results of the Round relating to trade in goods should be carried out in accordance with part I, section G, of the Punta del Este Declaration, in order to ensure that developing countries received differential and more favourable treatment.

32. Several delegations emphasized the valuable role which UNCTAD, as an assembly with universal membership and a particular role in the promotion of the trade and development prospects of the developing countries, could play in that process. UNCTAD was competent to follow the developments in the Uruguay Round within its mandate and to review international trade issues that had a bearing on the development process. It was also particularly important that the Board study the substantive developments in the international trading system, inter alia, relating to significant modifications in trade policies of both developed and developing countries, with a view to identifying problems and opportunities in international trade in the 1990s.

33. It was agreed that the report would be presented to the Board at its executive session on the Uruguay Round, to be held on 27 April 1993. Some delegations expressed an opinion that the deliberations in Sessional Committee should be aimed at obtaining agreed conclusions. Other delegations felt that on this particular item a Chairman's summary or report would be sufficient. It was agreed that the present report did not create any precedent for future meetings.

### 4. Report of the Vice-President (Morocco) on the consultations on agenda item 7

34. The informal consultations on agenda item 7 were held on 22 and 24 March 1993. The discussions took into consideration the introductory statement made by the representative of the secretariat and documents TD/B/39(2)/20 and TD/B/39(2)/Misc.1, as well as statements made by several delegations on the item in plenary.

35. As a result of good, frank general debate on the issue the following agreement was reached by consensus:

(a) To request the President of the thirty-ninth session of the Board to conduct, for about two days in the week of 14 to 18 June 1993, informal consultations on the draft terms of reference and the timetable of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament, with a view to facilitating a prompt decision on this issue by the Board;

(b) To request the Secretary-General of UNCTAD to prepare revised draft terms of reference of the Ad Hoc Working Group, taking into account views and statements on this issue, as well as a compendium of comments submitted by member States, and to circulate both documents well in advance of the informal consultations mentioned above;

(c) To establish, at the first part of the fortieth session of the Board, the terms of reference of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament, and its timetable. It

was suggested that the first session of the Ad Hoc Working Group should take place as early as possible in 1994.

### 5. Terms of reference of the proposed Intergovernmental Group of Experts on Ports

36. The Group of Experts on Ports will examine factors which can contribute to efficient management and sustainable development of ports and related port services in order to foster competitive maritime transport services and to strengthen capacities for trade.

37. In carrying out its task, the Group of Experts will:

(a) Focus on two main elements of the new work programme, namely:

(i) Port organization, including issues relating to privatization, commercialization, deregulation and existing legislation;

(ii) Port management, including issues relating to human resource development, strategic planning, marketing, sustainable development and investment requirements;

(b) Supplement the expertise available in the secretariat through the presentation by selected ports of the experience gained in the fields of port organization and port management;

(c) Assess, while having due regard to competition between ports, the potentialities for increased regional cooperation between ports, in the fields of port organization and management;

(d) Review the relevant publications produced by the secretariat at the request of the 1990 Intergovernmental Group of Experts on Ports by:

(i) Examining their distribution and assessing the interest they generated, the applicability of their relevant recommendations and what additional information is needed for the development of competitive ports and related port services, particularly those located in developing countries and countries with economies in transition;

(ii) Providing inputs from the port industry on significant gaps in existing information on port organization and management available from international organizations, port associations, seminars, conferences and publications to ascertain whether there is a need to strengthen the dissemination of the available information;

(iii) Providing professional opinion on specific subjects of the approved work programme to which the Standing Committee on Developing Services Sectors (Shipping) should accord priority;

(e) Review the work carried out by the secretariat in the field of port management training and technical cooperation, assess its impact on the development of competitive ports and related port services and, in this context,

assess the needs that are not met through the various types of training available from bilateral and multilateral sources in order to ascertain potential areas for future UNCTAD activities in this field;

(f) Prepare a report on the above items for submission to the Standing Committee on Developing Services Sectors (Shipping) at its second session.

## II. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL AND ADMINISTRATIVE MATTERS

### A. Opening of the session

38. The second part of the thirty-ninth session of the Trade and Development Board was opened on 15 March 1993 by the President, Mr. Gündüz Aktan (Turkey), who made a statement.

### B. Membership and attendance

39. The following States members of UNCTAD, members of the Board, were represented at the session: Afghanistan, Albania, Algeria, Angola, Argentina, Australia, Austria, Bahrain, Bangladesh, Belarus, Belgium, Benin, Bhutan, Bolivia, Brazil, Bulgaria, Burkina Faso, Burundi, Cameroon, Canada, Chad, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Cuba, Czech Republic, Democratic People's Republic of Korea, Denmark, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Finland, France, Germany, Ghana, Greece, Guinea, Honduras, Hungary, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libyan Arab Jamahiriya, Liechtenstein, Madagascar, Malaysia, Malta, Mexico, Morocco, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Senegal, Slovakia, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Venezuela, Viet Nam, Zambia and Zimbabwe.

40. The following other States members of UNCTAD, not members of the Board, were represented by observers: Cambodia, Croatia, Holy See, Lithuania, Mozambique and Slovenia.

41. Palestine participated pursuant to General Assembly resolution 3237 (XXIX).

42. The Pan Africanist Congress of Azania participated pursuant to General Assembly resolution 3280 (XXIX).

43. The United Nations Environment Programme, the United Nations Development Programme and the United Nations Population Fund were represented. The International Trade Centre UNCTAD/GATT was also represented.

44. The following specialized and related agencies were represented: International Labour Organization, Food and Agriculture Organization of the United Nations, World Health Organization, World Bank, International Monetary Fund, World Intellectual Property Organization and United Nations Industrial Development Organization. The General Agreement on Tariffs and Trade was also represented.

45. The following intergovernmental organizations were represented: Agency for Cultural and Technical Cooperation, Arab Organization for Agricultural Development, European Economic Community, League of Arab States, Organisation for Economic Cooperation and Development, Organization of African Unity and Organization of the Islamic Conference.

46. The following non-governmental organizations were represented: General category: Friends World Committee for Consultation (Quakers), International Chamber of Commerce, International Confederation of Free Trade Unions, Women's International League for Peace and Freedom, World Assembly of Small and Medium Enterprises, World Confederation of Labour and World Federation of United Nations Associations. Special category: International Air Transport Association and International Association of Islamic Banks.

## C. Bureau of the Board

47. At its 818th meeting, on 15 March, the Board elected Mr. Jakob Esper Larsen (Denmark) to replace Mr. Martin R. Morland (United Kingdom of Great Britain and Northern Ireland) and Mr. Marcel P. C. Van der Kolk (Netherlands) to replace Mr. Akio Ijuin (Japan) as Vice-Presidents.

48. At its 819th meeting, on 16 March, the Board elected Mr. Gleb Smirnov (Russian Federation) to replace Mr. G. V. Gabounia (Russian Federation) and Mr. Ludwik Dembinsky (Poland) to replace Mr. Marian Malecki (Poland) as Vice-Presidents.

49. Accordingly, the Bureau of the Board at the second part of its thirty-ninth session was as follows:

President: Mr. Gündüz Aktan (Turkey)

Vice-Presidents: Mr. Morris B. Abram (United States of America)
Mr. Abdeljebbar Brahime (Morocco)
Mr. Ludwik Dembinsky (Poland)
Mr. Jakob Esper Larsen (Denmark)
Mr. Carlos H. Matute Arias (Honduras)
Mr. Gian Nath (Mauritius)
Mr. Ri Tcheul (People's Democratic Republic of Korea)
Mr. Gleb Smirnov (Russian Federation)
Mr. Jorge Soruco (Bolivia)
Mr. Marcel P. C. Van der Kolk (Netherlands)

Rapporteur: Mr. Banmali Prasad Lacoul (Nepal)

## D. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (a))

50. At its 818th meeting, the Board adopted the provisional agenda for the second part of its thirty-ninth session as set out in documents TD/B/39(2)/1 and Add.1. (For the agenda, see annex I.)

51. At the same meeting, the Board endorsed the organizational suggestions approved during the consultations of the Secretary-General of UNCTAD held on 21 January 1993 (TD/B/39(2)/1/Add.2). In accordance with the proposed organization of work, the Board established two sessional committees of the whole, allocating agenda items 3 and 4 to Sessional Committee I and items 6 and 8 to Sessional Committee II for consideration and report.

52. The Board further agreed that, during the second week of the session, Sessional Committee II would convert itself into a Special Sessional Committee to consider and report on agenda item 5.

53. All other agenda items were taken up in plenary.

54. Since the Sessional Committees would be addressing issues similar to those dealt with by corresponding Committees of the Board during the first part of the thirty-ninth session, the Board decided that the presiding officers and the Vice-Chairmen-cum-Rapporteur elected at the first part of the session should serve in the same capacities at the second part of the session. In view of the replacement of Mr. Thomas Carter (United States of America) by Mr. Robert Konrath (United States of America) as Vice-Chairman-cum-Rapporteur of Sessional Committee II, the officers of the sessional bodies at the second part of the thirty-ninth session were as follows:

Sessional Committee I

Chairman: Mr. Hugo Cubillos (Chile)

Vice-Chairman-cum-Rapporteur: Mr. E. M. Manakine (Russian Federation)

Sessional Committee II/Special Sessional Committee

Chairman: Ms. Taous Feroukhi (Algeria)

Vice-Chairman-cum-Rapporteur: Mr. Robert Konrath (United States of America)

## E. Adoption of the report on credentials

(Agenda item 1 (b))

55. At its 824th meeting, on 26 March, the Board adopted the report submitted by the Bureau on the credentials of all representatives attending the session (TD/B/39(2)/21).

## F. Provisional agenda for the first part of the fortieth session of the Board

(Agenda item 1 (c))

56. At the same meeting, the Board approved the provisional agenda for the first part of its fortieth session (TD/B/39(2)/L.5). (For the provisional agenda, see annex II.)

57. In accordance with past practice, the Board authorized the Secretary-General of UNCTAD, in consultation with the President, to adjust and complete the provisional agenda in the light of developments. That arrangement was on the understanding that any amendments or additions would be subject to consultations with representatives of States members of the Bureau and interested delegations within the framework of the consultative machinery established in accordance with paragraph 83 of the Cartagena Commitment.

## G. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(Agenda item 11 (a))

58. At its 821st meeting, on 18 March, the Board considered and designated the following two intergovernmental bodies under rule 76 of its rules of procedure: the Arab Maghreb Union and the Central American Commission on Maritime Transport.

## H. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(Agenda item 11 (b))

59. Also at its 821st meeting, the Board decided, in accordance with the recommendations of the Secretary-General of UNCTAD (TD/B/39(2)/R.3) and of the Bureau, to designate and classify four non-governmental organizations for the purposes of rule 77 of the rules of procedure, as follows:

Special category

| Organization | UNCTAD body concerned |
|---|---|
| International Association Cities and Ports | Standing Committee on Developing Services Sectors |
| International Council on Metals and the Environment | Standing Committee on Commodities |
| Development Innovations and Networks | Standing Committee on Poverty Alleviation |
| International Primary Aluminium Institute | Standing Committee on Commodities |

60. At the same meeting, the Board agreed to the recommendations of the Secretary-General of UNCTAD and of the Bureau regarding the procedure suggested in paragraph 4 of document TD/B/39(2)/CRP.6, namely that, owing to the limited duration of the Ad Hoc Working Groups, for an initial period of two years, a certain flexibility be applied in defining the category of non-governmental organizations which have a special competence in more than two subsidiary bodies of the Board, and that this would not automatically result in their classification in the general category as had been the procedure in the past. The Secretary-General of UNCTAD would exercise his judgement and discretion in recommending the classification of non-governmental organizations, based on the range and nature of their interest in, and potential contribution to, the work of UNCTAD. The Board also agreed to the revised reclassification of non-governmental organizations in the special category (TD/B/39(2)/CRP.6, annex), which will be incorporated into a revised version of the document listing non-governmental organizations participating in the activities of UNCTAD (TD/B/INF.107/Rev.6).

61. Also at the same meeting, the Board noted that the European Council of Chemical Manufacturers' Federations, a non-governmental organization which had

been granted status in the special category by the Board at the first part of its twelfth session, had changed its name to the European Chemical Industry Council. The acronym CEFIC remained unchanged.

## I. Review of the calendar of meetings

(Agenda item 11 (c))

62. At its 824th meeting, on 26 March, the Board, having noted that the dates 19 to 23 April 1993 for the Joint Advisory Group on the International Trade Centre UNCTAD/GATT no longer applied and that a one-week meeting of the Group would be held at a later date, approved the draft calendar of meetings for 1993 and the draft indicative calendar of meetings for the biennium 1994-1995 (TD/B/39(2)/L.2).

## J. Administrative and financial implications of the actions of the Board

(Agenda item 11 (d))

63. At the same meeting, the Board noted that there were no administrative or financial implications of the action taken by the Board at its current session.

## K. Other business

(Agenda item 12)

### 1. Membership of Standing Committees and Ad Hoc Working Groups

64. Also at its 824th meeting, the Board confirmed the revised membership of the new bodies established by the Conference (see TD/B/39(2)/CRP.5), and noted that any amendments or omissions should be communicated to the Secretary of the Board.

### 2. Venue of the United Nations International Symposium on Trade Efficiency in 1994

65. At the 823rd meeting, on 23 March, the representatives of Canada and the United States of America provided the Board with details concerning their Governments' offers to host the 1994 Symposium at Toronto and Columbus, Ohio, respectively.

66. The representative of Switzerland made a statement welcoming those offers.

67. At its 824th meeting, on 26 March, the Board took note of the oral report by the President on informal consultations he had held on the offers of Canada and the United States of America to host the Symposium. In view of the outcome of those consultations, the Board welcomed and endorsed the holding of the Symposium at Columbus (Ohio), United States of America, in 1994.

### 3. Statement by the Latin American and Caribbean Group

68. The spokesman for the Latin American and Caribbean Group (Chile) reaffirmed the support of his Group for UNCTAD and for the successful implementation of the results achieved at the eighth session of the Conference, held at Cartagena, Colombia. He recalled that it was the aspiration of his Group that the next Secretary-General of UNCTAD would be chosen from among candidates from that region.

## L. Adoption of the report of the Board

(Agenda item 13)

69. Also at its 824th meeting, the Board adopted the draft report on the second part of its thirty-ninth session (TD/B/39(2)/L.1 and Add.1-4), with minor amendments, and authorized the Rapporteur to complete the final version as appropriate. It further authorized the Rapporteur, under the authority of the President, to prepare the Board's report to the General Assembly.

## Notes

1/ See Proceedings of the United Nations Conference on Trade and Development, Eighth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.93.II.D.5), part one, sect. A.

2/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. I, Resolutions Adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and corrigenda), resolution 1, annex II.

3/ See Official Records of the General Assembly, Forty-seventh Session, Supplement No. 15 (A/47/15), part two.

4/ See Report of the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990 (A/CONF.147/18), part one.

5/ See General Agreement on Tariffs and Trade, Basic Instruments and Selected Documents, Thirty-third Supplement (Geneva, GATT, 1987).

Annex I

AGENDA OF THE SECOND PART OF THE THIRTY-NINTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Adoption of the agenda and organization of the work of the session;

   (b) Adoption of the report on credentials;

   (c) Provisional agenda for the first part of the fortieth session of the Board.

2. Follow-up to the recommendations adopted by the Conference at its eighth session: policies for human resource development, with particular reference to technical cooperation activities for trade and development.

3. Trade policies, structural adjustment and economic reform: trade policy reforms in developing countries and the international support required.

4. Developments and issues in the Uruguay Round of particular concern to developing countries.

5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s.

6. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s:

   (a) Review of UNCTAD technical cooperation activities in Africa;

   (b) Regional integration issues.

7. Follow-up to the decision of the Trade and Development Board at the first part of its thirty-ninth session (Board decision 399 (XXXIX) of 9 October 1992) on the establishment of an ad hoc working group to explore the issue of structural adjustment for the transition to disarmament.

8. Sustainable development: implications for UNCTAD of recent General Assembly decisions concerning the follow-up to the conclusions and recommendations of the United Nations Conference on Environment and Development.

9. Other matters in the field of trade and development: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fifth session (ITC/AG(XXV)/134 and Add.1).

10. Reports and activities of the subsidiary bodies of the Board: matters requiring action:

   (a) Working Party on the medium-term plan and the programme budget, twenty-second session (8-12 March 1993);

   (b) Convening of an Intergovernmental Group of Experts on Ports.

11. Institutional, organizational, administrative and related matters:

    (a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

    (b) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

    (c) Review of the calendar of meetings;

    (d) Administrative and financial implications of the actions of the Board.

12. Other business.

13. Adoption of the report of the Board.

## Annex II

### PROVISIONAL AGENDA FOR THE FIRST PART OF THE FORTIETH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Election of officers;

   (b) Adoption of the agenda and organization of the work of the session;

   (c) Adoption of the report on credentials;

   (d) Provisional agenda for the second part of the fortieth session of the Board;

   (e) Provisional agenda for the pre-sessional executive session of the Board (March 1994).

2. International implications of macroeconomic policies and issues concerning interdependence: growth dynamics in the context of global interdependence.

3. Debt issues in a development context, including the recent evolution of debt rescheduling.

4. UNCTAD's contribution, within its mandate, to sustainable development: trade and environment.

5. Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes.

6. Developments and issues in the Uruguay Round of particular concern to developing countries.

7. Specific action related to the particular needs and problems of land-locked developing countries.

8. UNCTAD's assistance to the Palestinian people.

9. Other matters in the field of trade and development:

   Progressive development of the law of international trade: twenty-sixth annual report of the United Nations Commission on International Trade Law.

   [to be completed in the light of developments]

10. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies

    [to be completed in the light of developments]

11. Institutional, organizational, administrative and related matters:

    (a) Treatment of new States members of UNCTAD;

(b) Membership of the Trade and Development Board;

(c) Membership of the Standing Committees;

(d) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1994;

(e) Draft terms of reference of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament;

(f) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

(g) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

(h) Preparations for the thirtieth anniversary of UNCTAD in 1994;

(i) Review of the calendar of meetings;

(j) Administrative and financial implications of the actions of the Board.

[to be completed in the light of developments]

12. Other business.

13. Adoption of the report of the Board.

Part Two

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE FIRST PART OF ITS FORTIETH SESSION

Held at Geneva from 20 September to 1 October 1993

# I. ACTION TAKEN BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS OF ITS AGENDA

## A. Conclusions adopted by the Board

### Item 2. International implications of macroeconomic policies and issues concerning interdependence: growth dynamics in the context of global interdependence

#### Conclusions 405 (XL). Global interdependence

1. The debate of the Trade and Development Board on the international implications of macroeconomic policies and issues concerning interdependence, which it conducts annually in accordance with paragraph 66 of the Cartagena Commitment, 1/ focused in 1993 on growth dynamics in the context of global interdependence. As usual, the debate was underpinned by the Trade and Development Report, 1993 2/ and by informal discussions with a number of experts invited for the purpose by the Secretary-General of UNCTAD.

2. The debate in 1993 was notable for the substantive focus of the contributions made by many delegations from all regions. It was unanimously felt that the thrust of the debate, including the increasingly close attention paid to past and current experiences in different parts of the world, had ben fully consistent with the Cartagena Commitment. There was equal agreement that the Trade and Development Report, 1993 was of a very high professional standard, that it had shed new light on issues of political importance and done so frontally and in a challenging way. The Secretary-General of UNCTAD was also commended on the quality of the experts he had invited.

3. There was broad consensus that the continuing recession in the developed market economy countries was a matter of great concern to all groups of countries. Many delegations noted that slow growth was not only adding to unemployment in the developed countries, which had reached intolerable levels, but also exacerbating protectionist pressures and limiting the demand for, and hence putting downward pressure on, the prices of their imports from other countries, especially developing countries. It was widely noted that the terms of trade of developing countries for both their commodity and manufactured exports had been deteriorating continuously, with adverse consequences on their development performance and prospects. Great concern was expressed regarding the impact of the weakness of commodity prices on commodity-dependent economies, including the least developed countries.

4. It was recognized that while stimulative macroeconomic policies might overcome the recession, many Governments faced a dilemma: demand and employment-generating fiscal policies would further raise government deficits and debt, whereas fiscal retrenchment of a classical character would exacerbate unemployment. A number of delegations spoke in favour of the approach put forward in the Trade and Development Report to resolve this dilemma, namely, relaxation of monetary and fiscal stances to boost activity, combined with privatization and a one-time capital levy to reduce public indebtedness. However, others were critical of this approach and some suggested other market-oriented approaches and/or increased infrastructure spending.

5. In addressing the extent and character of the growth dynamics in developing countries and the countries in transition in Central and Eastern Europe, many delegations noted the wide variety of experiences. There had been excellent

performance in some countries and encouraging progress in others, but in many other countries growth had been extremely poor. Numerous countries in all continents had undertaken major policy shifts towards market economy, but with differing degrees of success in improving performance and prospects. It was widely felt that the lessons of experience were complex, and that it was important for Governments to be more pragmatic, avoiding a repetition of past mistakes by themselves or others, while building on and seeking fresh recipes for success. It was noted that government intervention might be helpful in certain instances, but also that it was prone to being misapplied; some speakers noted that market-oriented approaches in many cases had led to higher growth rates. It was felt that the respective roles of markets and of the State needed to be kept under constant review by Governments of the countries concerned in order to identify for themselves and achieve the combination most suitable to their own particular situation.

6. There was widespread agreement that the conceptual framework, design and implementation of structural adjustment policies could be significantly improved, notably in Africa. In this context, attention was drawn to the need for closer attention to public investment, fiscal reform, public enterprises, export expansion and public administration.

7. It was recognized that the global financial and trading environment was important for growth in all parts of the world economy, particularly developing countries. Many delegations advocated improved macroeconomic policy coordination in the light of growing interdependence. It was agreed that the growth that had occurred in certain developing regions had been a source of strength for the world economy at a time of general weakness, and that more rapid growth in developing countries would be of benefit all round.

8. Attention was drawn to the need for adequate and stable levels of financing, from public as well as private sources, to underpin growth-oriented domestic policies. Many delegations called for multilateral modalities to help improve the perception of commercial banks of the creditworthiness of developing countries. Drawing attention to the increasingly integrated nature of financial markets, they called for universally accepted guidelines for supervisory and regulatory procedures, and they also advocated replenishment of international financial institutions.

9. Many delegations stressed the need for vigorous growth in an improved access to external markets. Many delegations emphasized their view that most developed countries had failed to improve access to their markets, and that this posed a danger for the efforts of other countries to accelerate development by opening up their own economies and integrating into the world economy. The need for an "early warning" mechanism to address key emerging issues was stressed by numerous delegations. The need for adherence to the principles and rules governing the multilateral trading system also received emphasis. There was consensus that it was extremely important to reach an early, comprehensive and balanced conclusion of the Uruguay Round, taking into account all issues of interest to developing countries and their development.

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Item 3. Debt issues in a development context, including the recent evolution of debt rescheduling

Conclusions 406 (XL). Debt issues

1. At the first part of its fortieth session, the Trade and Development Board examined debt issues in a development context, including the recent evolution of debt rescheduling. The Board had before it the analysis prepared on this item by the secretariat as contained in the Trade and Development Report, 1993, part III. It also benefited from an exchange of views with a panel of experts, from both creditor and debtor countries. During the course of the debate, a broad convergence of views emerged on the following issues:

(a) A number of countries, particularly in Latin America, had made substantial progress towards resolving their debt difficulties, as a result of their strong adjustment efforts and a supportive international debt strategy.

(b) Many countries, however, were still far from overcoming their debt difficulties. These countries were mainly poor and mostly in sub-Saharan Africa, but many middle-income countries were still experiencing debt problems. In addition, there were several countries with heavy debt-servicing burdens which had consistency honoured their obligations, but with difficulty.

(c) The recent improvements in the international debt strategy were welcomed. There was a need for continuing efforts by troubled debtors and by the international community to bring about a resolution of remaining debt problems. In this regard, special attention should be paid to the least developed countries. The role that increased external financial flows, in particular non-debt-creating flows, could play in helping to prevent and overcome debt difficulties was noted.

(d) Paris Club practices had recently improved, in particular with the adoption of enhanced concessional terms for the poorest, most indebted countries. The Board noted that the Paris Club was continuing to review the debt situation of the poorest countries. As regards commercial bank debt, the agreements completed under the Brady plan had brought about a significant reduction in commercial bank debt, and had contributed to improved creditworthiness resulting from domestic economic reforms. A number of countries were still negotiating Brady deals. International support was expected in order to facilitate such deals.

(e) The crucial role of the international financial institutions in supporting developing countries was emphasized. However, several countries, mostly poor, were in arrears to those institutions. The recent progress made in addressing this problem was welcomed. The mechanisms which had been put in place to deal with it, on a case-by-case basis, recognized the principle that the preferred creditor status of the international financial institutions should not be impaired, a principle that the Board fully endorsed.

(f) A number of countries in transition were experiencing serious debt-servicing difficulties. The Paris Club had adopted a flexible and innovative approach to deal with these problems.

2. In the discussion of specific elements of the debt strategy, a number of issues requiring further consideration emerged. As regards official bilateral debt, several speakers noted the role that the proposed Trinidad Terms could play in helping overcome debt problems and urged their early adoption by the

Paris Club. Others felt that even more substantial debt reduction should be granted. On the other hand, the view was expressed that the effects of the enhanced Toronto Terms should be examined before any new measures were considered.

3. A number of speakers called for a review of eligibility criteria for debt reduction so as to include all heavily indebted low-income countries. Attention was also drawn to the urgent needs of lower middle-income countries for debt reduction.

4. In the area of multilateral debt, several speakers stressed that a substantial increase in net transfers from international financial institutions was particularly important for heavily indebted countries and would help them avoid the emergence of arrears. They also called for an adequate replenishment of the soft windows of those institutions. Others pointed to the need for an agreement on a new Enhanced Structural Adjustment Facility to be reached before the end of 1993, with the concessional element being no less than in the current scheme. A number of speakers urged that the possibility of improving the terms and conditions of current mechanisms for handling arrears should be examined. Some speakers also suggested that consideration be given to using special drawing rights as a means of reducing multilateral debt.

5. As regards commercial bank debt, a number of speakers urged Governments of creditor countries to take appropriate measures so as to ensure that the Brady deals being negotiated brought about a significant reduction in the total external debt of the countries concerned. Others stressed the voluntary nature of those operations.

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Item 4. UNCTAD'S contribution, within its mandate, to sustainable development: trade and environment

Conclusions 407 (XL). Sustainable development

1. In accordance with its decision 402 (XXXIX), adopted at the second part of the thirty-ninth session (see part one, chap. I, above), the Trade and Development Board held an exchange of views on the linkages between trade and environment policies. Its discussion was aided and enriched by the excellent documentation prepared by the UNCTAD secretariat and the contributions of a panel of experts drawn from several regions.

2. The Board concluded that a broad convergence of views had emerged on the following elements:

(a) The complex linkages between trade and environment pose significant challenges to the pursuit of sustainable development and there has only recently developed an increased awareness of the importance of these linkages. The international community should strive for the broadest possible international coordination of environmental and trade policies through intergovernmental cooperation. Such cooperation should ensure transparency and coherence in making environmental and trade policies mutually supportive.

(b) An open, equitable, secure, non-discriminatory and predictable multilateral trading system that is consistent with the goals of sustainable

development and leads to the optimal distribution of global production in accordance with comparative advantage is of benefit to all trading partners. Moreover, improved market access for the exports of developing countries, in conjunction with sound macroeconomic and environmental policies, would have a positive environmental impact and therefore make an important contribution towards sustainable development.

(c) The successful conclusion of the Uruguay Round has the potential to contribute, through trade liberalization and clear-cut and effective multilateral rules and disciplines, to a more efficient allocation of national resources, thus encouraging sound economic growth, and thereby creating more resources for improving national environmental standards and minimizing waste and pollution.

(d) Environmental problems should so far as possible be resolved through appropriate macroeconomic and environmental policies, rather than trade restrictions. In this respect, the importance of the unsustainable patterns of production and consumption, particularly in the industrialized countries, was emphasized, as was the link between poverty and environmental degradation and between the latter and access to less polluting technologies. The efforts of individual countries to promote the internalization of externalities should be encouraged and given wide international support. The ability of developing countries to do so will, however, be strongly influenced by the conditions under which they are able to export their products.

(e) Countries should seek to avoid the use of trade restrictions or distortions as a means to offset differences in cost arising from differences in environmental standards and regulations, since their application could lead to trade distortions and increase protectionist tendencies.

(f) As regards product standards, a balance should be struck between the advantages of harmonization, from a trade and transparency point of view, and the advantages, from the point of view of sustainable development, of allowing for differences in national standards. With respect to processes, strict process standards may have positive benefits for sustainable development by removing some of the hidden costs of environmentally unsound practices. The harmonization of process standards would not be required where the processes in question had no transborder or global environmental effects.

(g) Where harmonization is appropriate, standardization bodies such as the International Organization for Standardization could provide useful forums in their areas of competence (for example, eco-labelling, life-cycle analysis and eco-management). Where harmonization is inappropriate, mutual recognition of standards and/or the development of comparable standards could be considered.

3. The Board agreed that the following specific elements are of particular relevance for the further work of UNCTAD:

(a) The special role of UNCTAD in the trade and environment field lies in policy analysis and debate, conceptual work, the building of consensus among member States on the interaction between environmental and trade policies, the dissemination of information to policy-makers and the encouragement and provision of assistance in capacity-building. Particular attention should be paid to the problems and special circumstances of the developing countries, including the least developed among them. Attention should also be given to the countries in transition.

(b) Consumer preferences in many countries are turning towards "environmentally friendlier" products. Studies are required to assess, on the one hand, the economic costs associated with reducing the negative environmental effects of production processes and consumption and, on the other hand, the market opportunities for exporters which may flow from the demand for such "friendly" products. The Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries will initiate such work at its forthcoming second session.

(c) Increased attention needs to be paid in UNCTAD to environmentally motivated policy instruments with a trade impact, such as those on packaging, labelling and recycling. To the greatest possible extent, the impact on trading partners, in particular exporters in developing countries and countries in transition, of such instruments should be considered at as early stages of their development as possible; transparency is a key element in this regard.

(d) Eco-labelling programmes should, to the extent possible, take into account the trade and sustainable development interests of producing countries, particularly developing countries and countries in transition. International cooperation on, and further study of, such programmes is required.

(e) The effects of the procedural guidelines of the Organisation for Economic Cooperation and Development (OECD) on integrating trade and environment policies and its future work programme need to be studied. Interaction between UNCTAD and OECD, as well as other intergovernmental and regional organizations working in the field of trade and environment, such as GATT, should continue to be developed.

(f) Development aid, especially technical assistant, is vital for the generation of adequate capacity to deal with the important and growing range of problems in the trade and environment field. The UNCTAD secretariat's technical assistance activities are proving to be highly useful to Governments in this regard and should be pursued. Donor countries, other countries in a position to do so, and relevant multilateral agencies are therefore invited to increase significantly the funds made available for technical assistance in the field of trade and environment, particularly for the least developed countries.

(g) Countries which have not yet done so should make increased efforts to reply promptly and completely to the UNCTAD secretariat's questionnaire on environmental measures which may have an impact on trade.

4. The Board recommends that:

(a) The Trade and Development Board consider at the second part of its fortieth session the theme "The effect of the internalization of external costs on sustainable development";

(b) Without prejudice to subsequent decisions taken in the context of the review and evaluation of the work programmes of the intergovernmental machinery to be held in 1994, the Trade and Development Board consider at the first part of its forty-first session the theme "The impact of environment-related policies on export competitiveness and market access".

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Item 5. Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes

Conclusions 408 (XL). Economic spaces and regional integration processes

1. In pursuance of the Cartagena Commitment, in particular paragraphs 63 (3) and 146, the Trade and Development Board undertook a substantive review of the evolution and consequences of emerging free trade and economic integration agreements. Discussion were based on the relevant secretariat report and presentations made by a group of high-level experts at an informal session.

2. The Board concluded that a broad convergence of views had emerged on the following elements:

(a) As regional dynamics became more and more a global phenomenon and integration groupings extend geographically and in substance, their new features are likely to have important implications for both participating countries and third countries, as well as for the multilateral trading system. At the same time, informal integration, which is business- and investment-led, has also made substantial progress.

(b) Strengthening of economic integration and global growth in trade have occurred in parallel and partly in interaction. In order to maintain the positive aspects of integration arrangements and assure the prevalence of their dynamic growth effects, member States and groupings should strive to be outward-oriented and supportive of the multilateral trading system. In devising their policies, integration groupings should observe multilateral disciplines and rules, ensure transparency of their rules, regulations and standards, and take account of the effects on third countries.

(c) In order to counteract potential risks of trade and investment diversion, intensification, or extension of integration schemes should lead to further multilateral trade liberalization and global integration. A successful outcome of the Uruguay Round could alleviate certain concerns of third countries about integration schemes.

(d) Integration groupings should bear a special responsibility with regard to their implications for weaker trading partners, particularly developing countries.. Countries within integration groupings should provide technical cooperation for identifying new opportunities for economic interaction with developing countries, familiarizing them with the rules, regulations and standards. They should encourage investment cooperation and the setting up of joint ventures between firms in their regions and in developing countries, and take any other measure which might help third countries to expand their trade and economic cooperation with groupings. In the course of accession of new member States to groupings, adverse effects on liberal market access for developing countries should, to the extent possible, be avoided.

(e) The UNCTAD secretariat should, upon request, cooperate in such technical cooperation. It should continue to provide technical advice and analysis, training programmes and seminars on regional integration for participating and third countries, in order to facilitate information, dialogue and evaluation leading to better understanding of these schemes. The secretariat may seek active participation and support from the groupings concerned, their member States and UNDP for that purpose.

(f) While many developing countries have made major efforts to reform their integration groupings, the low levels of mutual trade and economic relations offer substantial scope for further expansion. Various bodies of UNCTAD, including the Standing Committee on Economic Cooperation among Developing Countries, should intensify, within their respective mandates, their work on concrete support measures for strengthening economic integration of developing countries, in response to the needs identified by specific groupings.

3. The Board recommends that, when significant new developments occur in regional integration groupings, the secretariat should provide new information, within the mandate of UNCTAD, on the implications for other countries of such developments, to be presented to the Trade and Development Board for an appropriate discussion.

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## B. Other action

### Item 6. Developments and issues in the Uruguay Round of particular concern to developing countries

1. At its 832nd meeting, on 1 October, the Board took note of the following statement made by the President on agenda item 6:

#### Statement by the President

2. The Board conducted a high-quality discussion on developments and issues in the Uruguay Round of particular concern to developing countries, which was enriched by a presentation made by Mr. A. Hoda, Deputy Director-General of GATT on behalf of the Director-General of GATT, in the informal segment of the plenary meeting. The note on this matter prepared by the UNCTAD secretariat (TD/B/40(1)/CRP.1) was appreciated and provided a useful background to this agenda item.

3. It was widely felt that prospects for a successful conclusion of the Uruguay Round had brightened, although the most sensitive issues remained to be solved in order to achieve a balanced and comprehensive package of results. The successful conclusion of the Uruguay Round was the only way to strengthen the international trading system on the basis of clearer and more comprehensive multilateral rules and disciplines, and thus to generate greater confidence leading to a dynamization of the world economy. This would require persistent efforts and political will from all participants, and especially from major trading entities.

4. A balanced outcome of the Uruguay Round would also require that the trade, financial and development needs of developing countries, especially those of the least developed countries, be taken into account, and that special efforts be made in the market access negotiations resulting in satisfactory improvements for products of export interest to developing countries.

5. It was also stressed that the evaluation of the results of the Uruguay Round in terms of differential and more favourable treatment for the developing countries, in accordance with part I, section B, of the Punta del Este Declaration, 1/ should be undertaken well in advance so as to provide sufficient

time for possible corrective measures. Some delegations pointed out that, prior to such evaluation, individual developing countries would be conducting their own assessment of the Round's potential results taking into account the useful criteria outlined in the note submitted by the secretariat, and that the technical assistance of UNCTAD would be needed in this regard.

6. It was also emphasized by several delegations that the apparent resurgence of protectionist philosophies based on a mistaken notion of "unfair competition" caused particular concern and served as a reminder of the unpredictable consequences that would ensue from a failure of the Uruguay Round.

7. It was recognized that UNCTAD had an important role to play in considering developments in the Uruguay Round, as well as in the analysis and assessment of its outcome, particularly by providing technical assistance to developing countries.

Item 7. Specific action related to the particular needs and problems of land-locked developing countries

8. At its 832nd meeting, on 1 October, the Board endorsed the recommendations of Sessional Committee II (TD/B/40(1)/SC.2/L.1, para. 31) and thereby

(a) Took note of the report of the Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions (TD/B/40(1)/2-TD/B/LDC/AC.1/4) and endorsed the Meeting's conclusions and recommendations;

(b) Took note of the report on the results of the specific studies on transit issues, prepared by the UNCTAD secretariat (TD/B/40(1)/4);

(c) Took note of the report on the contributions by Governments, international and intergovernmental organizations and non-governmental bodies (TD/B/40(1)/5 and Add.1);

(d) Decided to forward the above-mentioned documents to the General Assembly, together with the comments of the Board, for appropriate action.

9. The Board also took note of the related statement of financial implications (TD/B/40(1)/L.4) and decided that it should be annexed to the Board's report to the General Assembly. (See annex III. For the statements made in connection with the financial implications, see chap. III.N.)

Item 8. UNCTAD's assistance to the Palestinian people

10. At its 832nd meeting, on 1 October, the Board took note of the report of the UNCTAD secretariat on developments in the economy of the occupied Palestinian territory (TD/B/40(1)/8).

11. The Board further decided, pursuant to paragraph (c) of General Assembly decision 47/445, of 22 December 1992, to draw the attention of the Assembly to that part of its report which reflected the Board's discussions under this item. (See the extract from the report of Sessional Committee II reproduced in annex IV. For the statement made by the representative of Israel in connection with this action, see chap. II.A.)

Item 9. Other matters in the field of trade and development:

(a) Progressive development of the law of international trade: twenty-sixth annual report of the United Nations Commission on International Trade Law

12. At its 832nd meeting, on 1 October, the Board took note of the report of the United Nations Commission on International Trade Law on its twenty-sixth session (A/48/17), 4/ circulated to the Board under cover of a note by the UNCTAD secretariat (TD/B/40(1)/9).

13. The Board further noted that, under the provisions of General Assembly resolution 2205 (XXI), the comments made on the report would be transmitted to the Assembly. (For the statement made by representative of the United States of America on the UNCITRAL report, see chap. II.B.)

(b) Market-based mechanisms for the transfer of technology to developing countries

14. At its 828th meeting, on 21 September, the Board decided to refer agenda item 9 (b) to the Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer for further consideration.

## II. STATEMENTS OF POSITION

### A. Statement made by the representative of Israel in connection with UNCTAD's assistance to the Palestinian people (agenda item 8)

15. At the 832nd meeting, on 1 October, the representative of Israel stated that his delegation had joined the consensus on the report of Sessional Committee II, including on the matter of action taken under agenda item 8. However, his delegation did not understand that summary, or the action taken under that item, to imply or to condone any change in the existing work programme of the Special Unit for Assistance to the Palestinian People, nor the authorization of any new initiative by the secretariat in this regard.

### B. Statement made by the representative of the United States of America in connection with the report of the United Nations Commission on International Trade Law (agenda item 9 (a))

16. At the 832nd meeting, on 1 October, the representative of the United States of America said that his Government fully supported the work of the United Nations Commission on International Trade Law (UNCITRAL). In particular, as was noted in the report on the twenty-sixth session, the United States commended the Commission's completion at its plenary session of the UNCITRAL Model Law on Procurement of Goods. Capping a four-year effort, the Model Law reflected generally accepted principles for publicly funded government purchasing which were also consistent with existing GATT guidelines on procurement. Those principles included: a structured administrative system for government-sector purchasing and contracting; transparency of laws and regulations; generally open bidding, including foreign bidding; and administrative or judicial remedies. The project involved participation by international lending agencies, including the World Bank. He was also pleased to note that, at its past plenary session, the Commission had agreed to a further one-year effort to complete an additional portion of the Model Law which would cover procurement of services.

17. One aspect of the Commission's activities which had a direct bearing on work being done in UNCTAD was the continuing work in a relatively new field of law - the preparation of a convention on international bank guarantees and standby letters of credit, and the preparation of international rules on electronic commerce. This tied in, of course, with the work which UNCTAD was doing in the Ad Hoc Working Group on Trade Efficiency, and would have significant world-wide impact. The legal issues surrounding rapidly changing technologies were important for all countries, and for the world of trade.

18. The United States Government was therefore pleased to receive the report on the progress of UNCITRAL, and commended the work it was doing.

## III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

### A. Opening of the session

19. The first part of the fortieth session of the Trade and Development Board was opened by the President of the Board at its thirty-ninth session, Mr. Gündüz Aktan (Turkey).

### B. Membership and attendance

20. The following States members of UNCTAD, members of the Board, were represented at the session: Afghanistan, Albania, Algeria, Angola, Argentina, Australia, Austria, Bangladesh, Belarus, Belgium, Benin, Bhutan, Bolivia, Brazil, Bulgaria, Burundi, Cameroon, Canada, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Cuba, Czech Republic, Democratic People's Republic of Korea, Denmark, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Finland, France, Germany, Ghana, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libyan Arab Jamahiriya, Liechtenstein, Madagascar, Malaysia, Malta, Mauritius, Mexico, Mongolia, Morocco, Myanmar, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Senegal, Singapore, Slovakia, Spain, Sudan, Sri Lanka, Sweden, Switzerland, Syrian Arab Republic, Thailand, the former Yugoslav Republic of Macedonia, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Venezuela, Viet Nam, Yemen, Zambia and Zimbabwe.

21. The following other State member of UNCTAD, not a member of the Board, was represented: Holy See.

22. The Pan Africanist Congress of Azania participated pursuant to General Assembly resolution 3280 (XXIX).

23. The Joint Inspection Unit and the United Nations Development Programme were represented. The International Trade Centre UNCTAD/GATT was also represented.

24. The following specialized and related agencies were represented: Food and Agriculture Organization of the United Nations, International Monetary Fund and United Nations Industrial Development Organization. The General Agreement on Tariffs and Trade was also represented.

25. The following intergovernmental organizations were represented: African, Caribbean and Pacific Group of States, Agency for Cultural and Technical Cooperation, Arab Maghreb Union, European Economic Community, International Organization for Migration, International Textiles and Clothing Bureau, League of Arab States, Organization of African Unity and Organization of the Islamic Conference.

26. The following non-governmental organizations were represented: General category: Friends World Committee for Consultation (Quakers), International Chamber of Commerce, International Confederation of Free Trade Unions, International Express Carriers Conference, Women's International League for

Peace and Freedom, World Association of Former United Nations Interns and Fellows, World Federation of United Nations Associations and World Veterans Federation. Special category: International Air Transport Association and International Association of Islamic Banks.

## C. Election of officers

(Agenda item 1 (a))

27. At its 827th meeting, on 20 September, the Board elected as President of its fortieth session, by acclamation, Mr. Al Sherif Fawaz Sharaf (Jordan) who, in accordance with the provisions of Board decision 338 (XXXIII), had been designated by the Board at its second (pre-sessional) executive session on 5 March 1993.

28. At the same meeting, the Board elected the other members of its Bureau in accordance with the nominations agreed upon at its fourth (pre-sessional) executive session, on 13 September 1993. Accordingly, the elected Bureau was as follows:

President: Mr. Al Sherif Fawaz Sharaf (Jordan)

Vice-Presidents: Mr. A. Pinoargote Cevallos (Ecuador)
Mr. Satish Chandra (India)
Mr. Mohamed Ennaceur (Tunisia)
Mr. Akio Ijuin (Japan)
Mr. Richard A. Pierce (Jamaica)
Mr. Clarke Rodgers Jr. (United States of America)
Mr. Ali Ahmed Sahloul (Sudan)
Mr. Yuri Afanasiev (Russian Federation)
Mr. Jean de Schoutheete de Tervarent (Belgium)
Mr. Zdenek Venera (Czech Republic)

Rapporteur: Mr. Marcel Van der Kolk (Netherlands)

## D. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

29. At the 827th meeting, the President stated that he had been requested by the President of the thirty-ninth session of the Board to reinstate in the agenda of the current session two items which had initially been referred to the fourth (pre-sessional) executive session of the Board, namely, items 11 (e) and 11 (h). He added that, as requested by the Board at the executive session, the President of the thirty-ninth session would report at the current session on the outcome of his consultations on those items.

30. Having agreed to the above proposals, the Board adopted the provisional agenda for the first part of its fortieth session as set out in document TD/B/40(1)/1 and Corr.1. (For the agenda, see annex I.)

31. At the same meeting, the Board endorsed the proposals for the organization of work of the session contained in document TD/B/40(1)/1/Add.1.

## E. Establishment of sessional bodies

32. At its 827th meeting, the Board established two sessional committees of the whole, allocating agenda items 4 and 5 to Sessional Committee I and items 3, 7 and 8 to Sessional Committee II, for consideration and report.

Sessional Committee I

33. At its 1st meeting, Sessional Committee I elected the following officers:

Chairman: Mr. Antti Hynninen (Finland)

Vice-Chairman-cum-Rapporteur: Mr. Evgueni Manakine (Russian Federation)

34. At its 832nd meeting, on 1 October, the Board took note of the report of Sessional Committee I (TD/B/40(1)/SC.1/L.1 and Add.1) and decided that it should form an integral part of the full report of the Board on the first part of its fortieth session.

Sessional Committee II

35. At its 1st meeting, Sessional Committee II elected the following officers:

Chairman: Mr. Leslie Gatan (Philippines)

Vice-Chairman-cum-Rapporteur: Mr. Hermann Aschentrupp Toledo (Mexico)

36. At its 832nd meeting, the Board took note of the report of Sessional Committee II (TD/B/40(1)/SC.2/L.1 and Add.1-4) and decided that it should form an integral part of the full report of the Board on the first part of its fortieth session.

37. At the same meeting, the Board decided, pursuant to paragraph (c) of General Assembly decision 47/445, of 22 December 1992, to draw the attention of the Assembly to that part of its report which reflected the Board's discussions under agenda item 8, on assistance to the Palestinian people (see annex IV).

## F. Adoption of the report on credentials

(Agenda item 1 (c))

38. At its 832nd meeting, on 1 October, the Board adopted the report submitted by the Bureau on the credentials of the representatives attending the first part of the fortieth session (TD/B/40(1)/13).

## G. Provisional agenda for the second part of the fortieth session of the Board

(Agenda item 1 (d))

39. The Secretary-General of UNCTAD introduced the draft provisional agenda for the second part of the fortieth session (TD/B/40(1)/L.6) and drew attention to two understandings which had emerged from informal consultations, as follows: (1) with regard to item 6 (UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s:

investment promotion, foreign direct investment, transfer of technology), an additional topic on the role of interregional cooperation among developing countries in contributing to the United Nations New Agenda for the Development of Africa in the 1990s would not be added but would instead be referred to the Standing Committee on Economic Cooperation among Developing Countries; and (2) the retention of item 11 (f) (Status of the European Community in the Special Committee on Preferences) was contingent on the delegation which had proposed the item submitting, in due course, an explanatory memorandum in accordance with the rules of procedure.

40. At its 832nd meeting, on 1 October, the Board approved the provisional agenda for the second part of its fortieth session (TD/B/40(1)/L.6), having taken note of the related understandings (see annex II).

41. In accordance with past practice, the Board authorized the Secretary-General of UNCTAD, in consultation with the President, to adjust and complete the provisional agenda in the light of developments. That arrangement was on the understanding that any amendments or additions would be subject to consultations with representatives of States members of the Bureau and interested delegations within the framework of the consultative machinery established in accordance with paragraph 83 of the Cartagena Commitment.

## H. Provisional agenda for the pre-sessional executive session of the Board

(Agenda item 1 (e))

42. At its 832nd meeting, on 1 October, the Board requested the Secretary-General of UNCTAD to draw up a draft provisional agenda for the pre-sessional executive session in the light of developments, nearer to the time of the executive session, and to submit it for approval to the consultative machinery established in accordance with paragraph 83 of the Cartagena Commitment.

## I. Approval of the terms of reference of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament

(Agenda item 11 (e))

43. The President of the Board at its thirty-ninth session, reporting on the outcome of the consultations which he had been mandated to hold on this item by the Board at its fourth executive session, stated that, after a frank and useful discussion, it had been agreed to establish an open-ended Drafting Group to work on the basis of the document prepared by the secretariat (TD/B/40(1)/Misc.1). The Drafting Group met on 30 September 1993 and had finished the first reading of the secretariat draft. A number of delegations had made some amendments which would be taken into account by the secretariat in the preparation of a revised draft. In his judgement, the Group was not far from reaching a consensus and he recommended the Board to continue consultations as soon as possible so as not to lose the momentum and to reach an agreement by the end of October 1993.

44. At its 832nd meeting, on 1 October, the Board noted that further consultations were required on this item and accordingly requested the President

of the thirty-ninth session to continue his mandate and to report to the Board at its next executive session.

## J. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(Agenda item 11 (f))

45. At its 828th meeting, on 21 September, the Board noted that there were no applications for status from intergovernmental bodies before the Board at the first part of its fortieth session.

## K. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(Agenda item 11 (g))

46. Having been informed that the Bureau had concurred with the recommendations of the Secretary-General of UNCTAD (TD/B/40(1)/R.1), the Board, at its 828th meeting, decided to designate and classify six non-governmental organizations for the purposes of rule 77 of the rules of procedure and in accordance with paragraph 12 (a) and (b) of Board decision 43 (VII), as follows:

General category: Third World Network
Latin American and Caribbean Free Zone Association

Special category:

| Organization | UNCTAD body concerned |
|---|---|
| Environmental Development Action in the Third World | Standing Committee on Commodities<br>Standing Committee on Poverty Alleviation<br>Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer |
| Ibero-American Institute of Maritime Law | Standing Committee on Developing Services Sectors |
| EDI World Institute | Standing Committee on Developing Services Sectors<br>Ad Hoc Working Group on Trade Efficiency |
| Public Services International | Ad Hoc Working Group on Comparative Experiences with Privatization |

47. The Board further noted that, following consultations with the member State concerned (Ecuador), the Secretary-General of UNCTAD had included the Corporation for Development Studies in the register of national non-governmental organizations provided for under Board decision 43 (VII), section III.

48. Finally, the Board noted that the Federation of Western European Rope and Twine Industries (EUROCORD), which had been granted special category status at the first part of the twenty-fourth session of the Board, had changed its name to Federation of European Rope and Twine Industries, but had retained the acronym EUROCORD.

## L. Preparations for the thirtieth anniversary of UNCTAD in 1994

(Agenda item 11 (h))

49. Reporting on the outcome of the consultations which he had been mandated to hold on this item by the Board at its fourth executive session, the President of the Board at its thirty-ninth session said that informal consultations had been conducted with member States on three occasions in connection with arrangements to be made for the celebration of the thirtieth anniversary of UNCTAD in 1994. The secretariat had prepared proposals for the consideration of delegations (TD/B/EX(2)/INF.2).

50. A broad consensus had emerged on the programme, in particular on the implementation of the activities described in paragraph 5 of document TD/B/EX(2)/INF.2 so long as they did not have any additional financial implications.

51. It had been generally agreed that two full days should be devoted during the autumn session of the Board in 1994 to the celebration of the event as a high-level meeting, reducing thereby the length of that session by two days in order to accommodate the event.

52. It had also been agreed that the output of the celebrations should serve as an input for the preparation of the fiftieth anniversary of the United Nations in 1995.

53. The offer received from the Government of Switzerland to host and finance the proposed seminar/symposium had been warmly welcomed. The theme to be addressed by eminent panellists would need to be further discussed. It was generally agreed that it should be forward-looking.

54. Support had also been expressed for the suggestion to use the occasion of the United Nations International Symposium on Trade Efficiency, to be held at Columbus, Ohio, in 1994, to mark the celebration of the thirtieth anniversary.

55. The proposal to hold regional seminars had been welcomed. The UNCTAD secretariat was requested to initiate contacts with regional commissions and regional development banks with a view to organizing such seminars and to look into the financial resources required. The regional seminars should be attended by Governments, eminent regional academicians, the private sector and non-governmental organizations.

56. The suggestion made by the secretariat to prepare a film in co-production with the UNDP/AZIMUTHS programme was considered by a number of delegations to be a very interesting one. It had been agreed, however, that, in view of the financial implications involved, the preparation of such a film could only be envisaged if individual Governments stood ready to finance it on the basis of voluntary contributions. Such contributions would be welcomed. Furthermore, it

had been suggested that other financing possibilities, such as sponsorship, might be examined.

57. The delegation of Chile had suggested the inclusion in the programme of an international competition to be launched among universities throughout the world on a theme in relation to UNCTAD. The prize - to be called UNCTAD 30 - would be awarded to the winner on the occasion of the autumn celebrations of the Board. The UNCTAD secretariat was requested to look into the question on the basis of its experience in this field, as well as the feasibility of organizing such a competition and the financial implications thereof.

Action taken by the Board

58. At its 832nd meeting, on 1 October, the Board expressed appreciation for the progress made, and mandated the President of the thirty-ninth session to continue with the task of coordinating arrangements for activities related to the celebration of the thirtieth anniversary of UNCTAD and to pursue further consultations with the secretariat and with interested delegations, with a view to presenting an updated progress report to the Board at its pre-sessional executive session in the spring of 1994.

## M. Review of the calendar of meetings

(Agenda item 11 (i))

59. The representative of the UNCTAD secretariat introduced the revised draft calendar of meetings (TD/B/40(1)/L.3) and recalled that the Bureau of the Board had agreed that, in the light of the reduced conference-servicing capacity, the following should be postponed to a later date: the second session of the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries, originally scheduled for 4 to 8 October 1993; and the second session of the Standing Committee on Developing Services Sectors, originally scheduled for 11 to 15 October 1993. At its meeting on 28 September 1993, the Group on Calendar Matters had agreed, regretfully, that these postponements were unavoidable.

60. At its 832nd meeting, on 1 October, the Board approved the revised calendar of meetings for the remainder of 1993 and took note, for planning purposes, of the draft calendar of meetings for 1994 and the draft indicative calendar of meetings for 1995 (TD/B/40(1)/L.3). 5/

61. The Board also authorized the Group on Calendar Matters to recommend any necessary adjustments in the light of developments, on the understanding that any such adjustments would be referred for approval to the consultative machinery established under paragraph 83 of the Cartagena Commitment.

## N. Administrative and financial implications of the actions of the Board

(Agenda item 11 (j))

62. The President drew attention to a statement of financial implications (TD/B/40(1)/L.4) arising from the recommendations of Sessional Committee II on agenda item 7 (Specific action related to the particular needs and problems of land-locked developing countries).

63. The representative of the United States of America, referring to paragraph 3 of the statement of financial implications, observed that that paragraph presented the Board with a basic choice between the holding of regular regional symposia and the convening of a single global symposium in order to minimize costs. While he had no specific instructions on this point, his delegation was of the view that one global symposium to minimize costs would be a good recommendation. He added that, as a general rule, his delegation would expect that this worthwhile programme of symposia or a single symposium would be carried out within the current resources of the United Nations.

64. The Secretary-General of UNCTAD observed that the recommendation to hold a single symposium, to which the representative of the United States had drawn attention, had been made by the UNCTAD secretariat on the grounds that it would be more economical and achieve the same impact. He felt that it would be helpful if the Board were to go on record as favouring the global symposium option. With regard to absorbing the costs from within the totality of the resources available to the United Nations, that was a matter on which the relevant intergovernmental bodies in New York would pronounce themselves when the statement of financial implications was submitted to them.

65. The representative of Japan said that his delegation shared the view expressed by the United States that the Board should keep in mind the need to minimize the costs of holding the proposed symposium, and that it would be desirable to finance the symposium from within the existing resources of the United Nations.

66. The representative of the Russian Federation expressed his delegation's appreciation to the Secretary-General of UNCTAD for the clarification he had given. His delegation could support the statement of financial implications on the understanding that there would be only one global symposium and that it would be financed from existing United Nations resources.

67. The representative of Belgium, speaking on behalf of the European Community and its member States, expressed the Community's support for the view expressed on the financial implications: they were the very essence of logic.

Action taken by the Board

68. At its 832nd meeting, on 1 October, the Board took note of the statement of financial implications (TD/B/40/(1)/L.4), and decided that it should be annexed to the Board's report to the General Assembly (see annex III).

69. The Board noted moreover that there were no other financial implications arising from the action taken by the Board at the first part of its fortieth session.

## O. Adoption of the report of the Board

(Agenda item 13)

70. At its 827th meeting, the Board decided, in the light of the statement made by the Rapporteur, to simplify the clearance procedure in the preparation of the draft reports of the Board and its subsidiary bodies. Henceforth, requests for amendments to the draft report would be submitted to the Rapporteur or to the secretariat after the close of the session. Amendments would be communicated in

one of the working languages of the Geneva Office secretariat, i.e., in English or French, for inclusion in all language versions of the final report.

71. At its 832nd meeting, on 1 October, the Board adopted the draft report on the first part of its fortieth session (TD/B/40(1)/L.1 and Add.1-5) and authorized the Rapporteur to complete the final report with the proceedings of the closing plenary meeting and to incorporate any amendments submitted by delegations. The Board further authorized the Rapporteur, under the authority of the President, to prepare the Board's report to the General Assembly.

## Notes

1/ See Proceedings of the United Nations Conference on Trade and Development, Eighth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.93.II.D.5), part one, sect. A.

2/ United Nations publication, Sales No. E.93.II.D.10.

3/ See General Agreement on Tariffs and Trade, Basic Instruments and Selected Documents, Thirty-third Supplement (Geneva, GATT, 1987).

4/ Official Records of the General Assembly, Forty-eighth Session, Supplement No. 17.

5/ For the revised calendar, as approved by the Board, see TD/B/40(1)/INF/1.

## Annex I

### AGENDA OF THE FIRST PART OF THE FORTIETH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Election of officers;

   (b) Adoption of the agenda and organization of the work of the session;

   (c) Adoption of the report on credentials;

   (d) Provisional agenda for the second part of the fortieth session of the Board;

   (e) Provisional agenda for the pre-sessional executive session of the Board (March 1994).

2. International implications of macroeconomic policies and issues concerning interdependence: growth dynamics in the context of global interdependence.

3. Debt issues in a development context, including the recent evolution of debt rescheduling.

4. UNCTAD's contribution, within its mandate, to sustainable development: trade and environment.

5. Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes.

6. Developments and issues in the Uruguay Round of particular concern to developing countries.

7. Specific action related to the particular needs and problems of land-locked developing countries.

8. UNCTAD's assistance to the Palestinian people.

9. Other matters in the field of trade and development:

   (a) Progressive development of the law of international trade: twenty-sixth annual report of the United Nations Commission on International Trade Law;

   (b) Market-based mechanisms for the transfer of technology to developing countries.

10. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies. a/

11. Institutional, organizational, administrative and related matters:

(a) Treatment of new States members of UNCTAD; a/

(b) Membership of the Trade and Development Board; a/

(c) Membership of the Standing Committee and Ad Hoc Working Groups; a/

(d) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1994; a/

(e) Approval of the terms of reference of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament; a/

(f) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

(g) Designation and classification of non-governmental organizations for the purpose of rule 77 of the rules of procedure of the Board;

(h) Preparations for the thirtieth anniversary of UNCTAD in 1994; a/

(i) Review of the calendar of meetings;

(j) Administrative and financial implications of the actions of the Board.

12. Other business.

13. Adoption of the report of the Board.

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a/ Item allocated to the fourth (pre-sessional) executive session of the Board.

Annex II

PROVISIONAL AGENDA FOR THE SECOND PART OF THE FORTIETH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Adoption of the agenda and organization of the work of the session;

   (b) Adoption of the report on credentials;

   (c) Provisional agenda for the first part of the forty-first session of the Board;

   (d) Provisional agenda for the pre-sessional executive session of the Board in September 1994;

   (e) Designation of the President of the forty-first session of the Board.

2. Trade policies, structural adjustment and economic reform:

   Increased participation in international trade in goods and services by developing countries and economies in transition: some problems and opportunities.

3. Developments and issues in the Uruguay Round of particular concern to developing countries.

4. Sustainable development:

   The effect of internalization of external costs on sustainable development.

5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s.

6. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s:

   Investment promotion, foreign direct investment, transfer of technology.

7. Review and evaluation of work programmes (mid-term). a/

8. Other matters in the field of trade and development.

   [to be completed in the light of developments]

9. Reports and activities of the subsidiary bodies of the Board: matters requiring action.

   [to be completed in the light of developments]

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a/ Item to be taken up at the resumed second part of the fortieth session of the Board (25-27 May 1994).

10. Arrangements for the celebration of the thirtieth anniversary of UNCTAD.

11. Institutional, organizational, administrative and related matters:

    (a) Treatment of new States members of UNCTAD for purposes of elections;

    (b) Membership of the Trade and Development Board;

    (c) Membership of the Standing Committees and Ad Hoc Working Groups;

    (d) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

    (e) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

    (f) Status of the European Community in the Special Committee on Preferences;

    (g) Review of the calendar of meetings;

    (h) Administrative and financial implications of the actions of the Board.

12. Other business.

13. Adoption of the report of the Board.

## Annex III

## ADMINISTRATIVE AND FINANCIAL IMPLICATIONS OF THE ACTIONS OF THE BOARD

### Statement of financial implications in connection with agenda item 7*

1. After its consideration of agenda item 7 (Specific action related to the particular needs and problems of land-locked developing countries), Sessional Committee II requested the Board to endorse the agreed conclusions and recommendations contained in annex I to the report of the Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, held at United Nations Headquarters from 17 to 19 May 1993 (TD/B/40(1)/2-TD/B/LDC/AC.1/4).

2. On the assumption that the meeting of governmental experts will be held in New York for a duration of five days, the financial implications of the action referred to in paragraph 21 (i) of the agreed conclusions and recommendations would amount to $208,000.

3. Paragraph 21 (ii) of the agreed conclusions and recommendations calls for the holding of regular regional symposia. The Board might, however, wish to recommend a single global symposium in order to minimize costs. On this assumption the costs involved are estimated at $260,000.

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* See also chap. III.N above.

## Annex IV

## DISCUSSION IN THE TRADE AND DEVELOPMENT BOARD ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE (AGENDA ITEM 8)*

1. For its consideration of agenda item 8, the Board had before it the report of the UNCTAD secretariat on developments in the economy of the occupied Palestinian territory (TD/B/40(1)/8).

Consideration in Sessional Committee II

2. The Chief of the Special Economic Unit, introducing the item, said that the Board's deliberations on this question had acquired special significance in the light of the momentous developments of the past weeks, which the world had witnessed with pleasant surprise and welcomed with great hope. The mutual recognition of Israel and Palestine and the signing of the Declaration of Principles on Interim Self-Government Arrangements (see A/48/486-S/26560) constituted milestones in the resolution of conflict between two peoples whose sufferings had preoccupied the United Nations since its inception, and they laid down the foundation for a comprehensive and durable peace. The Declaration of Principles provided the framework for the Palestine Interim Self-Government Authority to mobilize efforts towards the revival and reconstruction of the Palestinian economy in the coming years. Such efforts, encouraged and supported by sustained bilateral and multilateral assistance, could pave the way for broader and more ambitious schemes for regional cooperation on an equitable basis.

3. The UNCTAD secretariat's report on recent developments in the Palestinian economy had been prepared in line with the provisions of Conference resolution 146 (VI) and did not reflect, in view of document reproduction deadlines, the most recent development, which constituted a major transformation in the policy environment affecting the Palestinian economy. It was expected that a number of chronic problems would now give way to feasible and satisfactory solutions in the years to come. To this effect, the report provided accurate and timely information on the situation. He highlighted the main findings of the report, with special reference to the Gaza Strip, dealing with employment, sectoral performance and macroeconomic indicators, as well as environmental problems affecting the Palestinian economy. In accordance with the Declaration of Principles, much of the crucial task of policy reform in these and other areas and the promotion of economic and social development was expected to be shifted to the Palestinian Interim Self-Government Authority. In this, the moral and material support and cooperation of the international community as a whole was urgently needed.

4. He focused attention on some of the areas which the incipient Palestinian self-government authority would have to deal with urgently and in which UNCTAD could examine the possibilities for extending further assistance to the Palestinian people, within the context of its mandate and areas of competence.

5. One priority area for urgent action and intensified assistance involved steering the Gaza Strip away from the increasingly critical economic and social

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* Included in the report of the Board to the General Assembly pursuant to the decision taken by the Board at its 832nd meeting (see chap. I, para. 11).

conditions. Immediate job-creation schemes, infrastructural facilities, enhanced human resource development and social services were all key areas for such action. Immediate action and support was also required for: the establishment of an efficient and effective public administration system; mobilization of domestic and external resources and their effective allocation for the revival and sustained development of the economic and social sectors; coordination between donors and more sensitive prioritization of aid and inter-agency coordination, including the establishment of an emergency fund or development finance institutions; promotion of entrepreneurial initiatives; comprehensive reform of the financial sector, including the establishment of specialized development finance institutions to cater to the needs of agriculture, industry, housing, trade and tourism; reform of the tax system; mutually beneficial trade arrangements; development of the tourist sector; rehabilitation and construction of physical infrastructures, including housing, transport and communication, land reclamation, water conservation, public utilities and human resource development; and protection of the environment.

6. The findings emerging from the UNCTAD intersectoral study on prospects for the Palestinian economy, with regard to both immediate action and longer-term prospects, would provide useful substantive background for programmes of assistance to be developed by various donors in support of the efforts of the Palestinian people, in the Palestinian territory as a whole and the Gaza Strip in particular.

7. The secretariat looked forward to intensified and constructive cooperation with all interested parties in this regard. He particularly addressed himself to the Israeli and Palestinian authorities, expressing the readiness of UNCTAD to contribute further, within the context of its mandate and competence, to the revival and reconstruction of the Palestinian economy, thus helping to lay the foundation of a durable peace.

8. The representative of Palestine said that the report prepared by the UNCTAD secretariat was comprehensive and objective in its treatment of developments in the Palestinian economy, the obstacles facing it as a result of Israeli occupation and the ways of removing those obstacles and improving the living conditions of the Palestinian people. He thanked the secretariat and the Special Economic Unit for their valuable efforts in this respect.

9. The world had witnessed the start of a decisive transformation in the conditions of the region thanks to the signing of the Declaration of Principles on the transitional phase for the Palestinian territories occupied by Israel, preceded by mutual recognition of the Palestine Liberation Organization and Israel. That had ushered in a new era based on coexistence instead of war and conflict, and the recognition by each party of the rights of the other. That constituted an encouraging first step towards achieving a just peace, with the Palestinian people exercising their national rights, in particular the right to self-determination and the creation of an independent State on their national territory.

10. That agreement was an interim agreement to be followed by a definitive phase in which a just and lasting peace would be reached in the Middle East. The interim period was only intended to terminate Israeli occupation in some populated areas. Accordingly, the work of the United Nations and its agencies over the past years relating to the Palestinian people and occupied Palestinian territories would have to continue until the end of the occupation and the liberation of Palestinian territory. The United Nations must continue to assume its responsibilities with regard to the question of Palestine and make an active

contribution in the transitional phase in all areas to meet the needs of the Palestinian people in such areas as building their national authority, holding elections and other aspects of the long-standing responsibility of the United Nations with respect to the question of Palestine, until such time as the Palestinian people secured all their rights in their territory.

11. The main challenge confronting the Palestinian people was to undertake the process of social and economic development after many years of suffering. He hoped that the international community, with the United Nations at the forefront, would play an important role in responding to the basic needs of the Palestinian people at this crucial stage. This would have to include full coordination between the agencies of the United Nations, and participation by different States in building the necessary infrastructure and in developing the Palestinian economy, as well as relieving Palestinian society of the consequences of decades of suffering under occupation. Thus, there was an increased and more significant responsibility for the Special Economic Unit and UNCTAD as a whole in providing assistance to the Palestinian people.

12. In conclusion, he stated that implementation of transitional autonomy was about to begin, leading to a final stage concerning the final status of the occupied territories and withdrawal of Israeli forces from all occupied territories in accordance with Security Council resolution 242 (1967), which all parties considered as the basis for negotiations. The Palestine Liberation Organization, which had enabled the peace negotiations to begin and to continue and which had signed the Declaration of Principles on Interim Self-Government Arrangements in Washington, was committed to protecting the peace process and ensuring its success at all stages. It was equally concerned with promoting and consolidating Palestinian society in all its aspects as essential preconditions for achieving a just peace in the region and the world.

13. The representative of the Syrian Arab Republic thanked the Special Economic Unit for the information contained in the secretariat report, which exposed the realities of the deteriorating social and economic situation in the occupied Palestinian territories, as well as obstacles placed by the Israeli occupation authorities in the path of the development of an independent economy by the Palestinian people. He supported the conclusions of the report, especially regarding the need for intensified international efforts and effective assistance, in coordination with the Palestinian people, to prevent further deterioration in the occupied Palestinian territory and to revive the Palestinian economy and lay a sound basis for its future development.

14. He noted the importance of the role of UNCTAD with regard to its activities in support of the efforts of the Palestinian people and expressed appreciation for the role of the Special Economic Unit and the studies it had prepared. He supported intensification of the Unit's activities, which could make a positive contribution in the future in response to the needs of the Palestinian people. That would in the end enable the latter to exercise full sovereignty over their land and resources and to build a prosperous and advanced economy.

15. The representative of Malaysia, speaking on behalf of the Asian Group, said that a new era had dawned in Palestine with the signing of the historic peace accord for limited Palestinian autonomy in the Gaza Strip and the West Bank town of Jericho. The international community was hopeful that the accord would set the stage for full reconciliation in the Middle East through the achievement of a just, comprehensive and lasting peace between the Arab States, the Palestinians and Israel.

16. Developments in the Palestinian economy during the period under review reflected continued deterioration in the economic and social situation. Restrictive measures had constrained the efforts of the Palestinian people to create an independent economy with its requisite institutional framework. The international community, which had been conscious of the need for urgent intervention to aid the ailing Palestinian economic and social sectors, should now seize the opportunity that lay before it. In this context, the United Nations had a major role to play. The initiative taken by the Secretary-General of the United Nations to set up a task force aimed at coordinating assistance to the Palestinian people, as well as the pledges of financial support made by developed countries, were welcomed. He hoped that there would be extensive international participation in the economic and social development of the Palestinian territory, which had long languished on account of international neglect.

17. The Asian Group envisaged UNCTAD as an active partner in the overall effort of the United Nations to enable the embryonic entity to revive its economy. In this regard, the findings of the secretariat reports of the past eight years on the issue should be consolidated to provide a comprehensive picture for action by UNCTAD in all areas of its competence.

18. The representative of Belgium, speaking on behalf of the European Community and its member States, referred to the historic accord between Israel and the Palestine Liberation Organization and paid tribute to the foresight and courage of Israeli and Palestinian leaders, who, in signing this accord, were moving in a very decisive manner towards peace. He reaffirmed the commitment of the European Community and its member States to a comprehensive peace and hoped that progress would be made in the framework of other bilateral and multilateral negotiations on future operation. The European Community and its member States would continue to support and participate in international arrangements which would emerge with regard to the accord.

19. The European Community and its member States already constituted the largest single donor to the occupied territory, and they intended to remain a large donor. The European Community planned to provide an aid package of 20 million ECU immediately, and much more substantial medium-term assistance would be discussed as soon as the Palestinian institutions were in place. As Chair of the multilateral working group on regional economic development, the European Community and its member States were ready to contribute to forms of regional economic cooperation. He concluded by stating that the European Community and its member States wished to take an active part in discussions about the role that the United Nations, including UNCTAD, could play in favour of the Palestinian people in the light of the recent events.

20. The representative of the United States of America said that the subject at hand was an extremely important one which the world was watching very closely. The signing of an agreement between Israel and the Palestine Liberation Organization was a victory for peace, a triumph which belonged to the Israeli and Palestinian people, who had reached out to each other. The task of the international community was to breathe life into the Declaration of Principles, and economic assistance was crucial.

21. As a first step, the United States planned to convene a conference in October to explore how the international community could best support implementation of the Israel-Palestinian agreement on interim self-government arrangements. Foreign and finance ministers from the major countries of the region, as well as from potential donor countries, would be invited to discuss

means of mobilizing resources. World Bank and United Nations representatives would also be included in the discussion. The World Bank was expected to play a major coordinating role in this effort. The United States expected to assemble an initial two-year aid package worth $250 million. In addition, a task force of Jewish and Arab Americans would be appointed to help develop joint projects to spur private investment in the region.

22. He concluded by stating that a coordinated international effort would be required. Obviously, many donors and many institutions would play key roles. He believed that existing institutions and capabilities should be utilized to the extent possible and to avoid duplication. It was perhaps premature to discuss any specific role for UNCTAD, but he very much looked forward to the consultations and meetings that would take place in the week and months ahead.

23. The representative of Pakistan thanked the UNCTAD secretariat for its report on assistance to the Palestinian people, which he fully supported. He was concerned that, despite the deteriorating conditions, the Israeli authorities had continued their efforts to increase tax revenue from the Palestinian population, while the sealing of borders had halted the movement of people and goods. Conditions in the Gaza Strip in particular were alarming, and urgent steps were needed to improve the situation there.

24. He agreed with other countries in the Asian Group who wished to see UNCTAD play an important and active role in United Nations efforts to enable the Palestinian people to revive their economy. He concurred with the view of the Asian Group that the secretariat reports of the past eight years should be consolidated to identify the areas where assistance was most required in the occupied Palestinian territories.

25. The representative of the Islamic Republic of Iran, while supporting UNCTAD assistance to the Palestinian people in their efforts to establish a sound economic base, disassociated his delegation from the statement made on behalf of the Asian Group pending instructions from his capital.

26. The representative of China expressed his appreciation for the secretariat's report, as well as the introductory statement made by the representative of the secretariat. Only a week earlier, relations between the Palestine Liberation Organization and Israel had undergone an historic change with their official mutual recognition and the signing of the accords on Gaza-Jericho autonomy. He welcomed the initiation of the peace process and the positive actions taken by both the Palestine Liberation Organization and Israel. The agreement constituted a major step towards a comprehensive settlement of the question of Palestine, offering hope for peace and creating conditions for the economic and social development of the occupied Palestinian territory.

27. UNCTAD had undertaken much work over many years in preparing analyses and reports on the economic and social situation of the occupied territory. The new peace process would facilitate the work of UNCTAD in this field and generate new demands upon it. UNCTAD could provide further recommendations and technical assistance to the Palestinian people in their efforts to manage their own country, promote economic and social development and improve living standards. He hoped that UNCTAD would contribute to that goal.

28. The representative of Israel welcomed the general tenor of the remarks by the representative of the secretariat, which showed a marked departure from previous oral reports given by the secretariat. However, the secretariat report (TD/B/40(1)/8) was not substantially different from its predecessors and was

coloured by what had become a long tradition of political predisposition and one-sidedness. It pursued the long-term psychological goal of demonizing Israel and its policy in the territories. Its judgement was partisan and its treatment of statistical material questionable, incorrect or misleading.

29. Despite the encouraging remarks of the representative of the secretariat, the Special Unit appeared to have been left behind by events. The mutual recognition by Israel and the Palestinians was an event that most countries welcomed as heralding a true, qualitative change in the nature of the relations between the parties. Understandably, it had caught the Special Unit by surprise, though the peace process in the Middle East had been continuing for some time. The indifference shown by the Special Unit to the achievements of the talks was indicative of the peculiar perspectives which reigned in the Unit. It should not be forgotten that many of the peoples of the region concerned had even lower per capita incomes than the Palestinians. The involvement of those countries in planning a better future in which all would share was worthy of more than half a page in the report.

30. A further point of concern was the apparently unilateral decision of the Special Economic Unit to undertake a separate study on the status of the environment in the territories. This had never been the subject of a request by the Board, no operative decision had ever been taken by the Board, and it was disingenuous to suggest that it had been. The subject was one on which UNCTAD had only recently embarked, and it was certainly not one in which the Special Unit could claim any competence. Indeed, the same work was apparently being undertaken by UNEP. Moreover, there a clear contradiction here with the mandate of Cartagena. That digression by the Special Unit was both wasteful of human and financial resources and better dealt with by the bodies authorized and competent to do so.

31. In the new era of peace now dawning in the Middle East, there could no longer be any room for bodies which served a propagandistic purpose. The cultivation of peace, objective analysis and constructive reconciliation, rather than the promotion of a tendentious and politically motivated rewrite of history, must now be the order of the day for the UNCTAD secretariat. The time had come for the Special Unit to ring down the curtain on its endeavours, to bow gracefully from the stage and to give way to the professional sectoral bodies whose task it would be to join in building the future.

32. He proposed that a special ad hoc committee be established, including Israel, the Palestinians, the sponsors of the peace process, intending major donors to the task of Middle East reconstruction and the secretariat. It should have as its task the navigation of a transition from the current outdated mandate and one-sided attitudes of the Special Unit to a new and balanced involvement of UNCTAD with all concerned parties, attempting to do constructive work in the field. In this context, he would welcome the cooperation and involvement of the specialized professional units of UNCTAD in the massive task which lay ahead. The future economic and political health of the Palestinian body politic, as well as that of all its neighbours, required an accelerated rate of economic growth in the territories, the provision of infrastructure and the development of old and new sectors of production. To be successful, those developments would have to harmonize with projected trends both in the economy of Israel, which for the foreseeable future would remain the major economic partner of the Palestinians, and in the economies of Jordan, Egypt and other Arab States.

33. In conclusion, he stated that an historic and truly profound turning-point had been reached in the Middle East. Courage, both personal and political, had been demonstrated by the leaders of Israel and the Palestinians. He called for an end to the anomalies which continued to characterize Israel's relations with UNCTAD. Could the United Nations and UNCTAD put the barren past behind them? Could they put partisan, regional politics aside and demonstrate that the United Nations was truly a world organization, able to play a part in the building of new edifices wherein all might dwell? In Washington the week before, a challenge had been thrown down to the international community. He awaited the response, not least that of UNCTAD, with hope and expectation.

34. The representative of the Republic of Korea said he supported the views stated by the Asian Group. He welcomed the signing of the mutual recognition and self-rule pact between Israel and the Palestine Liberation Organization. That development constituted a significant step along the road to peace in the Middle East and to international peace. The historic event had occurred as delegations were examining the secretariat report on assistance to the Palestinian people, which was very helpful in understanding the current situation. This debate represented an opportune juncture for a discussion on how the international community could assist the Palestinian people. Economic assistance plans for reconstruction of the self-ruled areas of the Gaza Strip and West Bank were being considered by several countries, including the United States, the European Community, Japan and the Nordic countries, and by international bodies such as the Gulf Cooperation Council and the World Bank. In concluding, he recalled his Government's previous grants of $1 million in scholarships for Palestinian students. He wished to record that his Government intended to participate further in the provision of economic assistance to the region when requested, and it would be considering the best avenue for such assistance.

35. The representative of Norway, speaking on behalf of the Nordic countries, said that the discussion was taking place in a totally new political environment. Israel and the Palestine Liberation Organization had recognized each other, and a Declaration of Principles had been signed recently in Washington. The international community now faced the challenge of improving its assistance to the Palestinian people and contributing to building peace. Achieving a comprehensive and lasting peace in the region was dependent upon economic development. Accordingly, economic assistance on a considerable scale was required within the context of a long-term commitment by the international community.

36. The economic situation in Gaza and the West Bank called for prompt and extensive aid from bilateral donors and multilateral institutions. The peace agreement also opened up possibilities for regional economic cooperation with a view to building common security and a common future. Notwithstanding the difficulties that the implementation of the agreement would face, it would provide opportunities to enhance confidence and extend cooperation.

37. She concluded that the broadest possible support and cooperation from the international community was required, with the United Nations Relief and Works Agency for Palestine Refugees in the Near East and other United Nations organizations playing a key role. The specific role of each organization, including UNCTAD, had to be clarified in the light of future developments, though UNDP and the World Bank should be given a leading role in the coordination of international assistance. The Nordic countries, already providing major assistance to the Palestinian people, were ready to contribute

fully to the forthcoming international effort to promote economic and social development in the region.

38. The representative of Nicaragua, speaking on behalf of the Latin American and Caribbean Group, referring to the historic agreement reached by Israel and the Palestine Liberation Organization only a few days before, said that his Group wished to expressed its appreciation for the efforts made by both parties in the search for lasting peace in the region. The report prepared by the UNCTAD secretariat would help determine the assistance which UNCTAD could give, within its terms of reference, to the Palestinian people, taking into account regional ties and the support of the international community. His Group wished to reaffirm its full support for all efforts of the United Nations to determine the role which the United Nations system, and UNCTAD in particular, could play to contribute to the development of the Palestinian people within the context of the prospects for peaceful coexistence between Israel and Palestine.

39. The representative of Algeria said that the discussion was taking place within a positive context following the signing of the peace accord in Washington, which she welcomed. The peace process, which she hoped would be comprehensive, demanded long-term support by the international community. The role of UNCTAD in this respect in the past had been useful and valuable, through the preparation of annual reports on the deteriorating economic situation in the occupied territories. She believed that UNCTAD work should be taken into consideration, especially the intersectoral study being carried out by the Special Economic Unit, which covered 23 social and economic sectors that could benefit from international technical cooperation efforts. She believed that the study could be very useful and that the role of UNCTAD should thus be strengthened in the context of the activities of the organizations of the United Nations system which would now be entrusted with an active role in the reinforcement of the peace process.

40. The Secretary-General of UNCTAD expressed appreciation for the pledges of support that many delegations had made in the course of the discussion for the efforts of the Palestinian people in the arduous task of economic and social reconstruction and development. It was also gratifying to note that delegations had stressed the contribution that UNCTAD could make to this endeavour.

41. With regard to the statement by Israel, a number of points required comment. The representative of Israel had said that the report before the Committee was "coloured by what had become a long tradition of political predisposition and one-sidedness". It was, of course, the prerogative of delegations to express judgement on the work of the secretariat, and it was the duty of the secretariat to take such judgement into account, but in subsequent remarks, the representative of Israel had seemed to suggest that that judgement was based on alleged indifference on the part of the secretariat to the achievements of the talks between Israel and the Palestinians. The secretariat's report had been prepared months before the vast majority of countries - not just the UNCTAD secretariat - became aware of the new developments, and the outcome could not possibly have been anticipated by parties who knew nothing about the talks.

42. The representative of Israel had also spoken of the "apparently unilateral decision of the Special Economic Unit to undertake a separate study on the status of the environment in the territories, which had never been the subject of a request by the Board". However, he had previously explained informally to the representative of Israel the rationale for the action of the secretariat. In particular, requests had been made by delegations at the thirty-ninth session

of the Board for proper account to be taken of the environmental situation in the work of the Unit. In considering the matter, the secretariat had been guided by General Assembly resolution 46/162, which referred specifically to human settlements and the living conditions of the Palestinian people, and related to the intersectoral project on the occupied territory. The secretariat's conclusion had been that it had no alternative but to examine relevant issues concerning the environmental situation, in line with the emphasis placed by the United Nations Conference on Environment and Development on the integrality of environmental protection to the development process. The representative of Israel had also been informed that, should delegations so wish, the secretariat would be prepared to delete the environmental dimension from the intersectoral project. He trusted that delegations would agree that, if such collective guidance was not forthcoming, the secretariat must exercise a minimum of discretion in the interpretation of intergovernmental decisions concerning the work programme.

43. In response to another point made by the representative of Israel, namely, that the time had come for the Special Economic Unit to "ring down the curtain on its endeavours and to bow gracefully from the stage", he reminded the representative of Israel that the Special Economic Unit had been established not on the basis of any proposal by the UNCTAD secretariat, but at the specific behest of UNCTAD at its sixth session. For that reason, it was not for the Unit to initiate its own liquidation. That was entirely a matter for the intergovernmental bodies concerned, and he hoped that the representative of Israel would address his concerns to that quarter.

44. The Special Economic Unit was not a free-standing autonomous entity isolated from the UNCTAD secretariat. It was an integral part of the secretariat, responsible to the Secretary-General of UNCTAD, and any concerns about its work should be addressed to him and to the Unit. He was aware that a few delegations had maintained their dissent from the decision by which UNCTAD at its sixth session had created the Unit, but he found it surprising that they should so consistently attribute to the UNCTAD secretariat the responsibility for a decision which had been taken collectively by Governments and not by the secretariat.

45. He concluded by stating that the UNCTAD secretariat would lend its full cooperation in the implementation of such decisions as might be taken concerning the nature and evolution of the future work of the secretariat in this area.

46. The representative of the Organization of African Unity reaffirmed the solidarity of his organization with the Palestinian people and renewed its support for their legitimate struggle to liberate their territory and to establish a State in conformity with their aspirations. He praised the secretariat for its excellent report on the item. Within the context of the peace process in the Middle East, the report analysed the constraints faced by the Palestinian people and the role that the international community could play in creating an atmosphere of peace and mutual understanding in that troubled region. The statement by the Secretary-General of UNCTAD should also be seen in that light.

47. His organization rejoiced at the signing, by Israel and the Palestine Liberation Organization of an agreement on self-government arrangements for Gaza and Jericho. Through that act of courage and farsightedness, Israel had recognized the Palestine Liberation Organization as the legitimate representative of the Palestinian people, while the Palestine Liberation Organization had accepted the right of Israel to live in peace and security.

Certainly, the peace process was still fragile and obstacles would arise along the way, especially since difficult issues remained to be dealt with. If the international community increased its efforts to support the agreement and accompany it with increased aid to promote development and cooperation, a new era might begin in the Middle East in which Arabs and Israelis would devote their rich human and natural resources to the creation of a region of peace and shared liberty.

48. The African continent, which was politically and geographically close to the Middle East, saw promising prospects for peace and development in the recent events. He hoped that a climate of confidence would soon emerge and that frank cooperation between Arabs and Israelis would make up for years lost in conflict and tension. In conclusion, he expressed his hopes for a radiant future for the valiant people of Palestine and for all the peoples of the region.

49. The representative of the Russian Federation noted the historical importance of the signature, in Washington, of the Declaration of Principles by Israel and the Palestine Liberation Organization. That accord would allow rapid headway to be made in strengthening the Israeli-Palestinian relationship. It had taken hard work to reach that stage, and his country was willing to play an active part in the practical steps which would now have to be taken. Notwithstanding pending problems, the Russian Federation believed that a global agreement would result from the peace process. With the signing of the accord, it was possible to embark on effective international assistance, one of the priorities of which was the economic development of Palestine. The international community now had to organize financial assistance to permit the development of Jericho and the Gaza Strip. Trade exchanges must be envisaged which would be profitable for all countries in the region, and in that UNCTAD could play its role. To this effect, the UNCTAD secretariat should continue its work as in the past, in cooperation with other organizations in the system.

50. The Russian Federation had taken part in discussions with all parties concerned since the beginning of the peace process and had been an active partner in the movement for peace in the world. It now wished also to be an active party to the implementation of the plan. First, an international conference of donor countries would be convened on 1 October, in Washington, to put into effect the Israel-Palestine accord. International organizations, including the International Monetary Fund and the World Bank would participate in the Conference, which would consider, among other things, the pledges already made by some countries and the possibilities of development in the Palestinian territory. Pending issues relating to the Israel-Palestine accord should be settled in the coming three months. He concluded by reaffirming the Russian Federation's willingness to work for the realization of all decisions in which it participated.

51. The representative of Palestine expressed his deep thanks to delegations for their statements and pledges of economic assistance to the Palestinian people in their rehabilitation and reconstruction efforts. He thanked the Secretary-General for his clear and important statement made to the Committee. He noted that the representative of Israel had sought the liquidation of the Special Economic Unit. This was not a new position by Israel on this matter, and it was based on political considerations. It would appear that the representative of Israel had not totally absorbed the implications of the event witnessed by the world in Washington a few days before.

52. He reaffirmed that the phase of reconstruction for the Palestinian people, during the interim period specified by the agreement, was one in which the

Palestinian people required full support in all spheres of life. They attached great importance to the work of the Special Economic Unit in the forthcoming period of reconstruction. The Secretary-General of the United Nations had established a task force to prepare for the participation of the United Nations in that process, as had most countries of the world. He could not understand how, while the whole world, including Israel, was preparing to help to rebuild Palestinian society destroyed by occupation, the representative of Israel could propose the dismantlement of one of the Units that continued to provide assistance to the Palestinian people on the economic level. That stance was in total contradiction with the agreement. The Israeli representative appeared not to have understood the provisions of that agreement, since the Israeli Foreign Minister had requested the international community to help the Palestinian people in the phase of reconstruction. The UNCTAD Special Economic Unit was one of the bodies engaged in providing assistance to the Palestinian people in the territory which was still occupied by Israel.

53. Some people seemed to believe that the problem in the region had been resolved and that therefore everything must change. However, in fact the problem was still there. What had taken place so far was that the Israeli and Palestinian sides had agreed on a Declaration of Principles which still required implementation. That in turn necessitated not one, but many separate agreements, and everything was subject to negotiation. The outcome of those could not be prejudged prior to their commencement, and the path forward was long and difficult.

54. He reaffirmed that all United Nations agencies, including UNCTAD, should continue their work in favour of the Palestinian people. The United Nations must continue to shoulder its responsibilities in respect of the question of Palestine until it was resolved. Indeed, an Israeli official had stated in an interview to be published soon that the agreement signed between Israel and the Palestine Liberation Organization did not bind either side. That meant that, at any time, Israel could renounce the agreement. What would then have been achieved, if everything that had been established in the United Nations to assist the Palestinian people was dismantled on the basis of an agreement which Israel could renounce at any time? The United Nations must continue to shoulder its responsibilities with regard to the question of Palestine, which was not simply one of economics, but rather was a national question with economic and other dimensions.

55. The representative of the Syrian Arab Republic recalled UNCTAD resolution 146 (VI), by which the Conference had established the Special Economic Unit (Palestinian people) and which had been endorsed by the General Assembly. The UNCTAD secretariat had tried to implement its mandate with honesty and sincerity, notwithstanding the difficulties it faced in terms of limited resources and the opposition by some States to its mandate. The secretariat's reports provided an important positive contribution to exposing the tragic living conditions of the Palestinian people under Israeli occupation.

56. Since the recent Israeli-Palestinian agreement, even more light had been shed on the realities of the critical conditions in which the Palestinian people continued to live and on the billions of dollars that would be required to help them in the future. That had proved that the previous reports by the secretariat had indeed been necessary, important and accurate, and that their findings were even more profound than had been realized by many. The Unit had made a positive contribution by preparing studies for the international community on the critical living conditions of the Palestinian people.

Accordingly, the UNCTAD secretariat and the Special Economic Unit deserved thanks for the role they had played.

57. On another level, he noted that the Secretary-General of the United Nations had established a task force, which included a number of United Nations agencies, to participate in providing support to the Palestinian people. He proposed that the Secretary-General of UNCTAD should bring to the attention of the Secretary-General of the United Nations the potentially positive contribution that the Special Economic Unit could make on this level, together with the reports, studies and inputs of other agencies. That should help the task force arrive at a comprehensive and realistic assessment of the situation of the Palestinian people. He concluded by reaffirming support for the work of the Unit and expressed the hope that it would continue to prepare reports and studies as in the past and be strengthened. His delegation would continue to support the United Nations in all its endeavours for justice and peace.

58. The representative of Israel said that the debate had been diverted into unproductive and unnecessary institutional paths. He believed that it was necessary to look towards the future in the Middle East, which would soon be undergoing radical transformation. In the past, occupation and boycott had taken their toll, as economic progress had faltered. That could be changed. The parties to the Washington agreements, their friends, the sponsors of the peace process and the donors of the future were about to commence the massive task of construction and reconciliation. The question before the Board was whether the role UNCTAD had to play would be a constructive one that made an impartial and meaningful contribution to the true interests of all who must live together in the region.

59. He proposed that a dialogue of the involved parties be engaged. While not proposing the creation of new institutions, his delegation would certainly like to see changes in existing institutions and would continue to address that issue as appropriate. Within UNCTAD there existed great reserves of specialist knowledge in many relevant areas. The process of planning the future would gain rapid momentum in the coming months, not years. The groundwork had been laid in the negotiations that had taken place so far, and progress would accelerate in the Israeli-Palestinian Economic Cooperation Committee. A sense of urgency was thus called for.

60. The proposal before the Board was to start a process of discussion, organized under the chairmanship of a figure acceptable to all, in an informal and unstructured manner, without budgets or institutional mechanisms. The purpose of the discussions would be to bring a recommendation to the Board for constructive and competent involvement by UNCTAD in the tasks ahead. All parties should be able to participate, with the assurance that they were dealing with each other in a basis of equality, openness and partnership, limited only by a strict appreciation of reality. In concluding, he stated that the task of the Board should be a positive one - to chart a new course, to encourage and foster reconciliation and above all to use the instruments at its disposal to make a contribution worthy of the values it professed.

61. The representative of Egypt said she agreed that the work of UNCTAD on assistance to the Palestinian people should be supported effectively. In the past, the Special Economic Unit had undertaken its tasks fully and prepared useful studies in its field of competence. Today, at this critical juncture, it was not enough to praise the past work of the Unit. Rather it was necessary to reinforce the credibility of the studies prepared by the Unit on the regional and international levels, so that they would be taken into consideration

together with other reports and studies prepared on the subject. To that end, the Unit should join the efforts of the Secretary-General with respect to the task force. She asked that consultations take place in this regard so that the Unit's activities might be strengthened in the light of developments in the region.

Action taken by the Sessional Committee

62. At its 5th meeting, on 24 September 1993, Sessional Committee II took note of the report of the UNCTAD secretariat (TD/B/40(1)/8) and of the statements made during the formal debate on the item.